

HOUSING, BUILDING, AND CONSTRUCTION

BUILDING SOCIETIES

History

Building societies date back over two hundred years. The first, of which there is a written record, commenced operation in England in 1775 when a group of artisans agreed to put a set sum of money away each week until each of them could build a house. Each member paid weekly and, when there was enough in hand, a ballot was held to see who would use the funds. After he obtained his loan he, together with the others, continued to pay until there was enough for a second loan and so it went on. No interest was charged on the loan and no interest was paid on the deposit.

As time went on, it became apparent that if money could be borrowed from persons who did not require a loan, the waiting period would be reduced. Of course, such lenders could not be expected to lend their funds for no return, and so the habit of paying and charging interest was introduced and the permanent building society emerged. The basic concept has changed very little in the two hundred years since that time, although methods have varied considerably.

Building societies offered for the first time an opportunity for working class persons to own own property (which also gave them voting rights and some political power), so it was not surprising that the concept spread throughout Britain and abroad as the British settled in various parts of the world. By the 1850s, the urban areas of Australia were sufficiently well established to prompt a desire for home ownership. In 1858, two building societies — one in Launceston and one in Bendigo — were set up; these still operate today and have never closed their doors on a business day, nor lost any investors' funds.

Not all building societies were as fortunate as those at Bendigo and Launceston. In Victoria the 1880s were heady days. The gold rush money was being turned into land and buildings. Land speculation made fortunes for those involved. Because at that time building societies were permitted to deal in land, many took the risks and others were set up to take advantage of the situation. However, the profits were short-lived. The 1890s saw a world-wide depression and the land boom could not be sustained. Fortunes were lost overnight, banks closed their doors, and building societies collapsed. The Victorian Government had done little to restrict the land boom because several prominent Government members were heavily involved in land subdivision and there was no Federal Government to show restraint.

Through government assistance many of the banks recovered, but those building societies which remained continued on a very small scale, unable to convince the public of their integrity. It was not until after the Second World War that the urgent need for housing finance reactivated interest in the "permanents". The Victorian Government finally made substantial amendments to the Building Societies Act in 1958, followed by further reviews in 1971 and 1976. It is now impossible for a society to speculate in land (the major cause of the 1890 problems), the amount of liquid funds which a society should hold are strictly regulated, and every society must set aside certain reserves. All of these requirements are supervised by the Registrar of Building Societies.

Legislation

The major feature of the 1976 legislation was the establishment by the Victorian Government of a "General Reserve Fund" into which all societies must make an annual contribution. The purpose of this fund is, in the words of the Act, "to provide protection for members of societies which are being or have been wound-up and for persons who give credit or lend money to or deposit money with such societies and to provide temporary financial assistance for societies". This then was the final answer to those who still regarded building society investment as of doubtful security.

The supervision of building societies has not been limited to the Victorian Government. The Commonwealth Government and the Reserve Bank use their powers under the Financial Corporations Act to monitor and, if necessary, to supervise the affairs of every building society in Australia.

Mortgage insurance

Societies have not depended entirely on government initiative to strengthen their security. A number of the societies in Victoria have formed an organisation known as Building Society Resources, for the purpose of providing temporary liquidity for any member society which might experience a liquidity "squeeze". This liquidity protection is backed by protection against any loss resulting from a society loan which cannot be repaid. This is known as mortgage guarantee insurance and is used by all societies. When making a loan the society takes insurance with a Commonwealth Government agency, the Housing Loans Insurance Corporation, or one of the several private mortgage insurers. This policy provides that, in the event of default by the borrower, the property will be sold, and any shortfall that may occur in the repayment of the society's debt, will be met by the insurer.

It was the introduction of mortgage insurance in the 1960s which heralded the strong growth of permanents over the last few years. Societies quickly saw the big advantage of mortgage insurance — the ability to lend high ratio loans without any risk to investors' funds. The public took up the offer of low deposit loans in ever increasing numbers. From 1971 to 1978, the total assets of Victorian societies grew from approximately \$100m to \$1,800m, and other States experienced similar growth.

Functions

Money is attracted from the public at rates which compare favourably with competitive financial institutions. Much of this money is on call, but most societies also offer the option of fixed-term deposits at higher rates of interest. The prevailing rates of interest depend upon the general economic conditions in the country and particularly the interest paid on government securities and the general supply of money within the community.

Once the money is received the society is, by law, very restricted in the use that can be made of it. It must, of course, set aside sufficient funds to meet any withdrawals that might be required by members. With the remainder, loans can be made. These are always on the security of a mortgage and at least 90 per cent of the amount loaned must be to individuals for their homes. The remaining 10 per cent can, with adequate mortgage security, be lent on development projects or in some cases commercial buildings. Therefore, the greatest part of the debt owing to building societies is from individuals buying their own homes; these borrowers have, traditionally, been the best payers in the community.

Although the theory of building society practice is very simple, societies have kept pace with technical developments. Most operate on computer systems, many having branches on line to one centre so that investors can have immediate access to information and to withdrawals.

The system of a strong branch and agency network has become the accepted practice for most of the larger societies, but service is also supplied by strong local societies, especially in rural areas. Very few Victorians lack access to some building society at which they can conduct their business of saving or borrowing for home ownership.

This increasing finance for country centres has drawn good local support for societies, as many have seen it as one way of ensuring that money raised in a district is not shifted to the city, but used for the benefit of the area of origin. This aspect has also been a major factor in the strong growth of local societies centering their activities in one area.

The growth of "permanents" has seen a number of innovations which have been of direct benefit to borrowers. The introduction of mortgage guarantee insurance made low deposit loans possible. To many persons this was a great help. They were able to get their home without waiting to accumulate a large deposit and so they avoided subsequent inflation of building costs, even if they had to service a larger interest payment. For others it meant that all the money could be borrowed from one source and so the costs of a second mortgage were eliminated. Permanents were also prominent in lending on properties which were formerly difficult to mortgage — older houses, inner suburban properties, and houses in country towns.

The rapid growth of building societies over the last decade has meant a significant degree of co-operation between themselves, both locally and interstate. Courses, schools, and seminars have been held on many aspects of the operation of societies, including the likely trend of new developments in a changing society.

Further references: *Building trends since 1945, Victorian Year Book 1963*, pp. 345-7; *Developments in building methods since 1945, 1964*, pp. 365-8; *Building materials, 1966*, pp. 324-7; *Redevelopment of the inner residential areas, 1967*, pp. 599-600; *Early building in Victoria, 1968*, pp. 598-600; *Housing for aged persons, 1969*, pp. 636-8; *Building trends in Melbourne since 1961, 1970*, pp. 614-6; *Bridges in Victoria, 1971*, pp. 592-4; *Division of Building Research, C.S.I.R.O., 1972*, pp. 308-11; *Metrication in the building and construction industry, 1976*, p. 302; *Historical introduction, 1977*, pp. 323-6; *The National Estate, 1977*, pp. 326-7; *Historic Buildings Preservation Council, 1977*, p. 328; *Victorian Urban Land Council, 1977*, pp. 328-9; *Residential Land Development Committee, 1977*, pp. 329-30; *Building and Development Approvals Committee, 1977*, p. 330; *Use of timber in the housing and construction industry, 1978*, pp. 279-81; *Dwelling construction in the Victorian building industry, 1959-60 to 1976-77, 1979*, pp. 259-61

BUILDING LEGISLATION

Supervision and control of building

The *Local Government Act 1958* and the *Town and Country Planning Act 1961* provide regulations for the uniform control of building and the preparation of planning schemes throughout Victoria.

Uniform Building Regulations

Under the *Local Government Act 1958* the power to administer Uniform Building Regulations is vested in the councils of municipalities, except where provided under certain clauses of the Regulations concerning Health Acts, Sewerage Regulations, and Water Supply Regulations, which are subject to the sanction of appropriate government authorities. These powers apply to all municipalities.

The Uniform Building Regulations define detailed provisions for building operations, and prescribe certain minimum standards which councils are bound to observe; however, councils have the power to insist on standards above those prescribed by these Regulations, provided these requirements are not unreasonable and do not cause undue hardship. If any doubt, difference, or dissatisfaction arises between any parties concerned, in respect of any Regulation, by-law, or decision by a council, they may appeal to a panel of referees, appointed pursuant to the provisions of the Act, for a decision which is final. These referees are empowered to modify or vary any Regulation or by-law, provided that a modification or variation might reasonably be made without detriment to the public interest.

Under the provisions of the Uniform Building Regulations, no building may be constructed, erected, placed in position, rebuilt, reconstructed, re-erected, replaced in position, altered, structurally altered, pulled down, or removed, unless it complies with the Local Government Act and Uniform Building Regulations, and is approved by a council. A written permit must be obtained from the council and a fee paid as prescribed in the Regulations. The council is required to ensure that the building, during its course of construction, demolition, or removal, complies with the Act, Regulations, and the plans and specifications it originally approved.

Further reference: *Urban renewal, Victorian Year Book 1976*, pp. 303-4; *Building development in the City of Melbourne, 1978, 1979*, p. 261

BUILDING STATISTICS

General concepts

The statistics in the following pages deal only with the construction of buildings, as distinct from other construction such as railways, bridges, earthworks, water storage, etc. In the following tables, alterations and additions valued at \$10,000 and over to buildings other than dwellings are included in the values stated. With the exception of the table relating to building approvals, particulars of minor alterations and additions are excluded, and in all tables particulars of renovations and repairs to buildings are excluded, because of the difficulty in obtaining complete lists of persons who undertake such operations. Figures for houses exclude converted military huts, temporary dwellings, flats, and dwellings attached to other new buildings.

Since the September quarter 1945, a quarterly collection of statistics of building operations has been undertaken, comprising the activities of all private contractors and government authorities engaged in the erection of new buildings, and owner-builders who erect buildings without the services of a contractor responsible for the whole job.

The collection is based on building permits issued by local government authorities, and contracts let or day labour work authorised by Commonwealth, State, semi-government, and local government authorities. As a complete list of government authorities and building contractors is maintained, details shown in the following tables embrace all local government areas. However, details for building approvals and owner-builders cover only those areas subject to building control by local government authorities.

The following definitions of terms used in the succeeding tables are necessary for an understanding of the data presented:

Building approvals. These comprise private permits issued by local government authorities together with contracts let or day labour work authorised by Commonwealth, State, semi-government, and local government authorities.

Private or government. Building is classified as private or government according to ownership at the time of commencement. Thus, building carried out directly by day labour or for government instrumentalities by private contractors, even though for subsequent sale, is classed as government. Building carried out by private contractors for private ownership, or which is financed or supervised by government instrumentalities but erected for a specified person, is classed as private.

Owner-built. A building actually erected or being erected by the owner or under the owner's direction, without the services of a contractor who is responsible for the whole job.

Commenced. A building is regarded as having been commenced when work on foundations has begun. Because of the difficulty of defining the exact point that this represents in building operations, interpretations made by informants may not be entirely uniform.

Completed. A building is regarded as having been completed when the building contractor has fulfilled the terms of the contract or, in the case of owner-built houses, when the house is either completed or substantially completed and occupied (the value shown in this case is that of the owner-built house as a finished project). As with commencements, the interpretation placed on this definition by informants may not be entirely uniform.

Under construction (i.e., unfinished). Irrespective of when commenced, and regardless of whether or not work has actually proceeded at all times, once a building has been commenced it continues to be shown in the tables as under construction (i.e., unfinished) until completed. Buildings on which work has been permanently abandoned are excluded.

Numbers. The numbers of houses, flats, and shops with dwellings attached, represent the number of separate dwelling units. Each flat in a block of flats is counted as a separate dwelling unit.

Values. All values shown exclude the value of the land and represent the estimated value of the buildings on completion.

Statistical tables

Building approvals

The following table shows the value of private and government building approved in Victoria for the years 1974-75 to 1978-79:

VICTORIA—VALUE OF PRIVATE AND GOVERNMENT
BUILDING APPROVED
(\$'000)

Year	Houses and other dwellings (a)	Other new buildings (a)	Alterations and additions to buildings (b)	Total all buildings
1974-75	618,268	470,566	76,113	1,164,947
1975-76	960,489	512,816	103,082	1,576,387
1976-77	1,039,573	536,204	104,631	1,680,408
1977-78	913,392	696,376	111,070	1,720,838
1978-79	886,717	779,119	114,520	1,780,356

(a) Includes alterations and additions of \$10,000 and over.

(b) Valued at \$2,000 to \$9,999.

In normal circumstances, information concerning building approvals is a primary indicator of building trends and gives some indication of the effect of varying economic conditions on the building industry. However, a complete comparison of buildings approved cannot be made against buildings commenced, since the relationship is affected by some intended buildings never being begun and new building plans being re-submitted, and estimated values recorded for building approvals being affected by rising costs resulting from delays in the commencement of buildings.

Value of building jobs

As with building approvals, increases in the value of buildings commenced, completed, and under construction, and in the value of work done are not wholly attributable to increased building activity, but include increases in the cost of building arising from price inflation. It should also be realised that, in any period, where there are appreciable increases in the value of buildings commenced for industrial, commercial, business, health, etc., purposes, this movement could be misinterpreted to some extent, as these buildings may include the commencement of large scale projects, the completion of which may be spread over several years.

The following tables show the value of all buildings commenced, completed, and the value of work done during the period, and estimated value of work yet to be done on jobs, according to the type of building, for the years 1974-75 to 1978-79. The figures include all alterations and additions valued at \$10,000 and over. Renovations and repairs are excluded.

VICTORIA—VALUE (WHEN COMPLETED) OF BUILDING JOBS
COMMENCED: CLASSIFIED BY TYPE
(\$'000)

Type of building	1974-75	1975-76	1976-77	1977-78	1978-79
Houses	510,952	726,099	867,801	777,175	705,489
Other dwellings	101,970	137,873	167,398	112,335	100,137
Alterations and additions to dwellings	25,843	49,545	78,440	97,922	86,406
Shops	34,672	61,266	59,426	91,130	106,857
Hotels, guest houses, etc.	11,194	11,949	11,411	10,848	19,377
Factories	78,275	75,367	126,890	135,186	134,235
Offices	92,256	56,887	130,306	94,573	87,851
Other business premises	34,362	36,322	41,824	59,354	77,300
Education	105,169	77,224	120,866	109,578	128,077
Religious	5,518	5,491	4,813	5,987	7,542
Health	51,435	42,503	63,685	77,278	78,554
Entertainment and recreation	15,007	34,228	30,298	68,085	41,745
Miscellaneous	14,131	43,424	30,704	52,087	110,083
Total	1,080,784	1,358,178	1,733,862	1,691,538	1,683,653

VICTORIA—VALUE OF BUILDINGS COMPLETED:
CLASSIFIED BY TYPE
(\$'000)

Type of building	1974-75	1975-76	1976-77	1977-78	1978-79
Houses	511,546	610,160	796,043	832,184	769,068
Other dwellings	129,749	129,924	177,775	157,315	111,773
Alterations and additions to dwellings	19,075	37,709	65,343	87,047	91,964
Shops	54,506	49,335	53,597	79,914	107,626
Hotels, guest houses, etc.	24,344	11,292	16,402	12,560	14,837
Factories	100,479	92,067	83,039	114,940	139,621
Offices	87,014	171,339	107,893	114,778	100,086
Other business premises	35,792	35,584	39,553	57,313	62,385
Education	89,578	141,455	126,422	94,202	153,839
Religious	3,120	4,905	7,278	7,357	8,764
Health	19,484	41,946	80,612	71,112	72,847
Entertainment and recreation	11,888	25,341	26,237	33,048	47,842
Miscellaneous	21,702	23,412	37,081	34,272	68,279
Total	1,108,277	1,374,469	1,617,275	1,696,042	1,748,931

VICTORIA—VALUE OF WORK DONE ON BUILDINGS:
CLASSIFIED BY TYPE
(\$'000)

Type of building	1974-75	1975-76	1976-77	1977-78	1978-79
Houses	516,322	683,949	853,456	820,914	759,990
Other dwellings	121,049	146,391	185,903	136,022	107,534
Alterations and additions to dwellings	22,748	44,052	72,860	93,322	90,742
Shops	50,163	50,520	66,329	82,172	112,330
Hotels, guest houses, etc.	16,257	16,404	13,442	11,780	18,645
Factories	96,370	83,643	106,179	128,519	169,206
Offices	134,761	119,532	118,498	128,074	117,648
Other business premises	39,356	38,089	44,023	55,662	66,238
Education	130,705	129,005	105,204	126,975	131,831
Religious	5,011	5,450	5,548	7,382	7,125
Health	38,100	64,655	59,686	75,389	88,277
Entertainment and recreation	15,329	28,024	35,980	36,182	51,268
Miscellaneous	20,204	29,565	40,457	51,568	58,037
Total	1,206,375	1,439,279	1,707,565	1,753,961	1,778,871

VICTORIA—ESTIMATED VALUE OF WORK YET TO BE DONE ON JOBS
UNDER CONSTRUCTION AT END OF PERIOD: CLASSIFIED BY TYPE
(\$'000)

Type of building	1974-75	1975-76	1976-77	1977-78	1978-79
Houses	184,431	238,952	266,180	246,396	222,089
Other dwellings	59,747	67,198	58,196	40,287	37,557
Alterations and additions to dwellings	7,154	12,764	18,279	23,155	19,657
Shops	15,972	26,662	25,593	38,532	36,995
Hotels, guest houses, etc.	16,274	12,952	11,663	11,305	10,486
Factories	32,895	28,881	50,589	61,225	42,864
Offices	145,150	102,786	126,825	110,767	86,985
Other business premises	15,565	16,767	15,234	21,152	35,753
Education	72,628	39,574	67,959	57,659	56,890
Religious	3,122	2,320	1,829	1,790	2,199
Health	52,719	36,826	50,409	54,146	45,933
Entertainment and recreation	6,619	15,685	14,611	45,810	40,867
Miscellaneous	9,838	28,556	20,856	25,507	78,885
Total	622,114	629,923	728,223	737,731	717,160

Value of building jobs under construction (i.e., unfinished)

The value of all building work remaining unfinished increased from \$1,228,308,000 at 30 June 1975 to \$1,276,361,000 at 30 June 1976, \$1,444,038,000 at 30 June 1977, \$1,496,489,000 at 30 June 1978, and decreased to \$1,486,864,000 at 30 June 1979.

Number of dwellings

The following tables show the number of houses and other dwellings (excluding conversions to other dwellings) commenced, completed, and under construction classified by geographical distribution and ownership for the years 1974-75 to 1978-79, and the number of houses commenced, completed, and under construction, classified by material of outer walls for the years 1974-75 to 1978-79:

VICTORIA—NUMBER OF HOUSES AND OTHER DWELLINGS: GEOGRAPHICAL DISTRIBUTION

Year	Commenced		Completed		Under construction (i.e., unfinished at end of period)	
	Houses	Other dwellings	Houses	Other dwellings	Houses	Other dwellings
MELBOURNE STATISTICAL DIVISION						
1974-75	15,302	5,783	18,307	8,527	9,163	5,576
1975-76	18,598	6,167	16,833	6,179	10,478	5,413
1976-77	18,623	6,139	18,705	6,942	10,012	4,447
1977-78	15,053	3,484	16,432	5,281	8,260	2,557
1978-79	13,370	2,790	14,818	3,129	6,559	1,989
REMAINDER OF VICTORIA						
1974-75	8,916	1,655	8,595	1,913	6,615	1,540
1975-76	9,836	1,892	9,302	1,995	6,903	1,411
1976-77	11,165	1,980	10,196	1,982	7,626	1,395
1977-78	9,245	1,578	10,039	1,737	6,661	1,207
1978-79	8,279	1,189	8,627	1,385	6,090	959
STATE TOTAL						
1974-75	24,218	7,438	26,902	10,440	15,778	7,116
1975-76	28,434	8,059	26,135	8,174	17,381	6,824
1976-77	29,788	8,119	28,901	8,924	17,638	5,842
1977-78	24,298	5,062	26,471	7,018	14,921	3,764
1978-79	21,649	3,979	23,445	4,514	12,649	2,948

VICTORIA—NUMBER OF HOUSES AND OTHER DWELLINGS: CLASSIFIED BY OWNERSHIP

Year	Number of houses and other dwellings erected for					Total houses and other dwellings
	Government ownership	Private ownership (a)				
		Total dwellings (a)	Houses		Other dwellings	
			By contractors	By owner-builders		
COMMENCED						
1974-75	3,593	15,662	5,440	6,961	28,063	31,656
1975-76	2,270	18,860	7,645	7,718	34,223	36,493
1976-77	3,273	18,512	8,740	7,382	34,634	37,907
1977-78	2,082	15,456	7,300	4,522	27,278	29,360
1978-79	1,756	15,445	5,212	3,215	23,872	25,628

HOUSING, BUILDING, AND CONSTRUCTION

VICTORIA—NUMBER OF HOUSES AND OTHER DWELLINGS: CLASSIFIED BY OWNERSHIP—*continued*

Year	Number of houses and other dwellings erected for					Total houses and other dwellings
	Government ownership	Private ownership (a)			Total houses and other dwellings	
		Houses		Other dwellings		
		Total dwellings (a)	By contractors			
COMPLETED						
1974-75	3,487	20,092	4,113	9,650	33,855	37,342
1975-76	3,243	17,712	5,630	7,724	31,066	34,309
1976-77	2,929	19,452	7,234	8,210	34,896	37,825
1977-78	2,886	16,901	7,294	6,408	30,603	33,489
1978-79	1,962	15,659	6,314	4,024	25,997	27,959
UNDER CONSTRUCTION (I.E., UNFINISHED) AT END OF PERIOD						
1974-75	2,951	6,980	6,334	6,629	19,943	22,894
1975-76	1,898	7,908	7,953	6,446	22,307	24,205
1976-77	2,240	6,876	8,923	5,441	21,240	23,480
1977-78	1,403	5,222	8,630	3,430	17,282	18,685
1978-79	1,195	5,029	7,028	2,345	14,402	15,597

(a) See definitions on page 272.

VICTORIA—NUMBER OF HOUSES: CLASSIFIED BY MATERIAL OF OUTER WALLS

Year	Brick, concrete, and stone	Brick veneer	Wood	Asbestos-cement	Other	Total
COMMENCED						
1974-75	1,283	19,954	800	2,075	106	24,218
1975-76	1,708	23,304	1,077	2,230	115	28,434
1976-77	2,015	23,802	1,476	2,329	166	29,788
1977-78	1,458	19,447	1,469	1,773	151	24,298
1978-79	1,541	17,695	1,131	1,199	83	21,649
COMPLETED						
1974-75	1,046	23,146	676	1,935	99	26,902
1975-76	1,228	21,840	841	2,101	125	26,135
1976-77	1,833	23,418	1,196	2,312	142	28,901
1977-78	2,142	20,888	1,385	1,923	133	26,471
1978-79	1,762	18,824	1,265	1,493	101	23,445
UNDER CONSTRUCTION (I.E., UNFINISHED) AT END OF PERIOD						
1974-75	1,276	12,011	636	1,798	57	15,778
1975-76	1,751	12,866	861	1,856	47	17,381
1976-77	1,907	12,787	1,087	1,799	58	17,638
1977-78	2,272	9,921	1,119	1,546	63	14,921
1978-79	1,885	8,600	896	1,201	67	12,649

GOVERNMENT BUILDING AUTHORITIES

Commonwealth Government

General

Commonwealth Government activities in the housing field have, in the main, included the provision of money to State Governments under various agreements; financial assistance to defence (and eligible ex-service) personnel in the erection and purchase of homes; assistance to young married couples under the Homes Savings Grant Act; the operations of the Housing Loans Insurance Corporation; assistance in the provision of accommodation for the aged; and the provision of homes in the Territories.

Commonwealth Government-State Housing Agreements 1945-1978

There have been several Commonwealth-State Housing Agreements since the Second World War, namely, in 1945, 1956, 1961, 1966, 1973, and 1978. In addition, the States

Grants (Housing) Act 1971 made provision for payment of a housing grant to the States amounting to \$5.5m annually and the *Housing Assistance Act 1973* authorised special advances to States of \$6.55m in 1972-73 for rental housing.

1978 Housing Agreement

This Agreement between the Commonwealth and the six States (excluding Northern Territory) is operative for a three year term ending 30 June 1981. Commonwealth advances to the States are repayable over 53 years at an annual interest rate of 4.5 per cent for Home Purchase Assistance and 5 per cent for Rental Housing Assistance. The allocation of advances to these two programmes each financial year is determined by the Commonwealth Minister in consultation with each State Minister.

Home Purchase Assistance. In the third year of the Agreement at least 40 per cent of total advances made to a State is to be allocated to that State's Home Purchase Assistance Account. Funds available in the Home Purchase Assistance Account are used principally to make loans to terminating building or co-operative housing societies and approved State lending authorities for lending to home purchasers. The annual interest rate charged by a State to societies and approved lending authorities must be not less than 5 per cent in the first full financial year, increasing by 0.5 per cent per annum until a rate equivalent to 1 per cent below the long-term bond rate is reached, and thereafter varying with movements in the long-term bond rate. Eligibility conditions are set by the State ensuring that loans are only made to those who cannot obtain mortgage finance on the open market. Provision is made in the Agreement for a number of flexible lending practices, such as escalating interest loans with income geared starts, to be applied by a State subject to variation in repayment in the event of hardship.

Rental Housing Assistance. Funds are used principally for the provision of rental housing by State housing authorities but may be used for other purposes such as urban renewal, funding of voluntary housing management groups, and allocations to local government bodies to provide rental housing. Each State determines eligibility for rental housing ensuring that assistance is directed to those most in need. The level of rent is also fixed by each State having regard to a policy of generally relating rents to those on the open market. Rental rebates are granted to those tenants who cannot afford to pay the rent fixed. Each State may determine its own policy on sales of rental dwellings but all sales must be at market value or replacement cost and on the basis of a cash transaction. Home purchase assistance funds may be used to finance the purchase of rental dwellings.

Commonwealth-State Housing Agreement (Servicemen) 1972

On expiration of the 1956-66 Housing Agreement on 30 June 1971, a separate agreement was entered into between the Commonwealth and States for the erection of dwellings for servicemen and capital improvements to dwellings built for servicemen under all Housing Agreements.

Operations under the Commonwealth-State Housing Agreements in Victoria to 30 June 1978 and 30 June 1979 are summarised as follows:

	1977-78	1978-79
	\$	\$
Loan funds advanced	1,031,998,000	1,114,449,000
Allocations from State Loan funds <i>States Grants (Housing) Act 1971</i>	74,000,000	74,000,000
Loan funds allocated to the Housing Commission, Victoria	822,545,000	822,545,000
Loan funds allocated to Home Purchase Assistance Account	283,453,000	365,904,000
Supplementary advances made by Commonwealth Government for housing for defence forces, 1 July 1956 to 30 June 1971	24,558,182	24,558,182

Drawings from Home Purchase Assistance Account		
by Co-operative Terminating Housing Societies	420,102,376	458,966,482
Dwellings completed by Housing Commission,		
Victoria	83,613	85,448
Dwellings completed or purchased under Home		
Builders' Accounts	40,183	43,739
<i>Commonwealth-State Housing Agreement (Servicemen) 1 July 1971 to 30 June 1979</i>		
Commonwealth Government advances—construction	14,553,088	14,594,088
—improvements	6,541,021	7,448,021
Dwellings completed by Housing Commission,		
Victoria—construction	720	730
—improvements	2,152	2,544
<i>Housing Assistance Act 1973</i>		
Commonwealth Government advances allocated to Housing Commission,		
Victoria		\$1,500,000

Defence Service Homes (formerly War Service Homes)

The *Defence Service Homes Act 1918* makes provision for assistance to be granted to persons who satisfy the eligibility conditions set out in the Act, to enable them to acquire on concessional terms a soundly constructed home that they would occupy as a residence.

VICTORIA—DEFENCE SERVICE HOMES SCHEME: OPERATIONS

Year	By erection	By purchase	By Commonwealth-State Housing Agreement	By discharge of mortgage	Total	Total homes provided	Total capital expenditure (\$'000)	Total capital receipts (a) (\$'000)	Loans repaid
1975-76	307	1,302	96	489	2,194	98,617	32,191	20,824	2,790
1976-77	231	694	45	435	1,405	100,022	21,874	20,758	2,713
1977-78	280	782	18	363	1,443	101,465	22,417	19,076	2,637
1978-79	82	598	6	318	1,004	102,469	14,980	20,670	2,543

(a) Includes personal loan principal, property sales and rent, miscellaneous receipts and recovered excess credits through Special Appropriations. 39 (c). Figures for 1975-76 to 1977-78 include personal loan principal plus Budget Appropriations only.

Home Savings Grant Scheme

The purpose of the Home Savings Grant Scheme is to assist persons to buy or build their first homes. The scheme also aims at increasing the proportion of total savings available for housing by encouraging persons to save with those institutions that provide the bulk of housing finance. The scheme was introduced in 1964 and subsequently replaced by a new scheme which applies to persons who contract to build or buy their first homes on or after 1 January 1977.

The present scheme enables a wide range of persons to qualify for a grant towards their first home. Married, single, widowed, or divorced persons may qualify and there is no age limit provided the person is over eighteen. A grant may be made towards a new or established house, home unit, or flat. The grant is \$1 for each \$3 of acceptable savings held at the contract date. The main forms of acceptable savings are those held with savings banks, building societies, credit unions, or on fixed deposit with trading banks.

The maximum grants are \$667 and \$1,333 for homes acquired in 1977 and 1978, respectively. From 1 January 1979, grants of up to \$2,000 became payable for three years savings ending on the contract date. However, persons with shorter savings periods of one or two years may continue to qualify for the lower maximum grants of \$667 and \$1,333.

There is no limit to the value of homes acquired on or before 24 May 1979. The Commonwealth Government announced on 24 May 1979 that a value limit will apply to homes acquired after that date. A full grant will be payable for homes valued at \$35,000 or less, reducing to zero grant for homes valued at \$40,000. The value limit will apply to the combined value of land, dwelling, and other improvements.

VICTORIA—HOME SAVINGS GRANT SCHEME: OPERATIONS

Year	Applications received	Applications approved	Grants approved	Average granted
	number	number	\$'000	\$
1974-75	6,165	5,814	3,770	648
1975-76	2,311	2,043	1,311	642
1976-77	4,882	3,442	2,257	656
1977-78	17,591	15,142	11,446	756
1978-79	16,354	13,849	15,599	1,126

Transitory Flats for Migrants

A scheme to provide fully furnished flats for occupation by newly arrived migrant families for a maximum of six months was introduced in 1967. At 30 June 1978, there were 378 flats in use of which 104 were located in Melbourne.

Rental Assistance to Pensioners Scheme

From 1 July 1978, grants are being provided to the States for 3 years to 30 June 1981 under Part III of the *Housing Assistance Act 1978*. The scheme now allows the States to provide rental housing assistance for other persons in need as well as pensioners defined in the Act. Grants may be used for purposes other than construction of housing, e.g., leasing from the private sector. To 30 June 1979, grant payments to Victoria totalled \$20,008,000. The number of units completed to 30 June 1978 amounted to 1,417 with a further 168 units nominated in 1978-79.

Housing Loans Insurance Corporation

The Housing Loans Insurance Corporation was established by the *Housing Loans Insurance Act 1965-1973* to insure approved lenders against losses arising from the making of housing loans. The main purpose of the activities of the Corporation is to assist persons to borrow, as a single loan, the money they need, and can afford to repay to obtain a home. An amendment to the Act in 1977 broadened the scope of the Corporation's activities and in addition to loans for the purchase or construction of homes for owner occupancy, loans for the purchase of vacant land and commercial housing propositions are also insurable. During 1978-79, 9,600 loans for \$282.4m were insured in Victoria. Comparable figures for 1977-78 were 6,649 loans for \$173.8m.

Further reference: *Victorian Year Book 1977*, pp. 336-43

Victorian Government*Ministry of Housing*

On 5 December 1972, the Victorian Parliament set up a Ministry of Housing in Victoria to co-ordinate all Victorian Government housing activities. The authorities within the Ministry of Housing are the Housing Commission, the Registry of Co-operative Housing Societies and Co-operative Societies, the Home Finance Trust, the Decentralized Industry Housing Authority, and the Teacher Housing Authority. Details of each of these authorities are provided in the following notes.

Housing Commission

Victoria's population at 30 June 1979 was approximately 3,853,300 persons, more than 352,000 of whom were living in Housing Commission houses and flats.

The Commission, since its inception in 1938, has provided modern, low-rental accommodation, in pleasant surroundings, for families on limited incomes and pensioners who formerly had to live in the sub-standard dwellings of depressed areas.

Over the years, special projects have been developed for the housing of the aged. In addition to the normal types of accommodation provided for elderly persons, the Commission in 1976 introduced the "Granny Flat" designed to be erected in the householder's backyard for occupancy by pensioner parents.

The Commission in recent years has laid greater stress on quality and variety in housing and, to this end, has included in its building programmes different forms of housing, house and land "packages", and contracts for houses to be built to contractors' individual designs on Commission land.

Greater emphasis has also been directed towards the provision, in collaboration with the local municipalities, and other government departments, of community facilities including schools and pre-schools. An example of this co-operation is at Broadmeadows, where ongoing negotiations commenced two years ago have resulted in the early establishment of the Bethel Primary School, Broadmeadows Leisure Centre, and the Westmeadows landscaping programme on land owned by the Council, the Commission, and the Education Department. Work has also started on Broadmeadows Community House, the first combined neighbourhood centre and infant welfare centre, planned as a focal point for the community.

Aware that Victorians are used to the concept of an individual home on its own block of land, the Commission has encouraged home ownership. Of the 88,695 dwellings completed to 30 June 1979, the Commission had sold 27,849 in the Melbourne Statistical Division and 20,537 in the rest of Victoria.

The Commonwealth also makes available funds to the Commission for the purchase or construction of homes for Aboriginal families. Twelve houses were handed over during 1978-79, bringing to 320 the number of houses provided specifically for Aboriginals.

In July 1979, the Minister of Housing announced to the Victorian Parliament that a Green Paper on housing would be drafted, setting out recommendations for Victoria's future public and private housing policies. The Green Paper will examine the housing needs and preferences of Victorians and will look at the present programmes of the Ministry of Housing and the operation of the private market in meeting housing needs. The Green Paper will be drafted after extensive consultation on housing challenges, problems, and policies. The Minister is due to present the Green Paper to Parliament in September 1980. Between October 1980 and January 1981, the Ministry of Housing is due to receive public comments and community reactions to the Green Paper proposals. Victoria's future housing policies are due to be drawn up in a White Paper, to be presented to Parliament by the Minister in March 1981.

The *Urban Renewal Act 1970* provides for renewal procedures designed to ensure that urban areas can be rehabilitated through a system of co-ordinated research and consultation, which joins the interest and skills of the persons of the area, the councils, and the relevant State authorities. The procedures start with a consultation between the Council and the Neighbourhood Redevelopment Division to discuss the uses of renewal with regard to the borough, city, or shire. If these discussions are satisfactory to the municipal council a liaison committee is formed, comprising members of the council and members of the Division to pursue the question of the possible use of renewal pertaining to specific areas within the municipality.

Neighbourhood stabilisation and revitalisation is also achieved with a variety of housing stock, initiatives, and redevelopment programmes for areas largely in public ownership (e.g., Emerald Hill Estate), and others where redevelopment is achieved through co-operation with private owners. A comprehensive article on this topic appears on pages 303-4 of the *Victorian Year Book 1976*.

VICTORIA—HOUSING COMMISSION: DWELLING CONSTRUCTION

Geographical distribution (a)	Houses and flat units				
	1974-75	1975-76	1976-77	1977-78	1978-79
COMPLETED					
Melbourne Statistical Division	1,820	1,200	1,167	986	783
Remainder of Victoria	1,196	1,715	1,365	1,552	1,051
Total	3,016	2,915	2,532	2,538	1,834
UNDER CONTRACT AT END OF PERIOD (INCLUDES CONTRACTS LET, WORK NOT STARTED)					
Melbourne Statistical Division	1,363	1,191	832	868	606
Remainder of Victoria	1,860	1,444	1,525	1,179	847
Total	3,223	2,635	2,357	2,047	1,453

(a) Figures are according to boundaries as determined at 30 June 1966.

VICTORIA—HOUSING COMMISSION: REVENUE, EXPENDITURE, ETC.
(\$'000)

Particulars	1973-74	1974-75	1975-76	1976-77	1977-78
REVENUE					
Rentals	25,487	30,350	39,927	45,840	48,384
Gross surplus—house sales	6,392	10,139	10,529	17,246	15,978
Interest—					
House sales (net)	2,053	2,300	2,792	3,407	4,167
Sundry	2,429	2,906	2,005	3,923	3,524
Miscellaneous	513	954	2,216	2,103	1,751
Total revenue	36,874	46,649	57,469	72,519	73,804
EXPENDITURE					
Interest—less amounts capitalised and applied to house sales	11,365	12,742	13,875	13,799	14,627
Loan redemption—					
Commonwealth Government—					
State Agreement	2,460	2,603	2,753	2,832	2,988
Contribution to National Debt Sinking Fund	23	29	22	23	25
Redemption of debentures and debenture Loan Sinking Fund contribution	7	7	7	7	7
Administration—					
General	1,872	2,491	3,238	4,120	6,523
House and land sales	1,323	1,648	1,879	2,284	2,484
Rates—less amount capitalised	4,467	5,815	6,971	7,415	7,742
Provision for accrued maintenance	3,678	5,964	9,720	13,315	13,170
Provision for irrecoverable rents	75	56	67	99	74
Communal services—flats and garden maintenance	1,783	2,439	2,800	3,072	3,760
House purchasers' Death Benefit Fund appropriation	452	461	468	503	443
Transfer to House and Land Sales Reserve Suspense Accounts	3,234	6,802	7,349	13,021	12,494
Maintenance and repairs on houses sold	269	437	500	553	669
Other	1,168	1,956	2,147	2,324	2,632
Total expenditure	32,176	43,450	51,796	63,367	67,638
Operating surplus	4,698	3,199	5,673	9,152	6,166
Fixed assets at 30 June	413,677	492,274	535,232	560,702	611,196
Loan indebtedness at 30 June (a)—					
Government advances	538,574	605,776	684,646	756,801	826,647
Debenture issues	400	400	400	400	400
Death Benefit Fund Advances	5,338	4,853	5,946	7,388	7,388

(a) Excludes subsidies from State Loan Fund for slum reclamation.

Further reference: Report of the Board of Inquiry into certain land purchases by the Housing Commission, Victorian Year Book 1979, pp. 272-3

Registry of Co-operative Housing Societies and Co-operative Societies

The *Co-operative Housing Societies Act 1958* empowers societies to raise money on loan for the purposes of making advances to their members to erect houses; to purchase houses (within certain age limits); to meet street making and sewerage installation charges; to undertake additional permanent improvements to a dwelling acquired through a society; to maintain and keep the house in proper repair; and to purchase a residential flat on the security of a stratum title.

Until 30 June 1956, co-operative housing societies were entirely dependent on institutional finance for their funds, but since 1956 they have received a portion of Victoria's housing loan allocation under the Commonwealth Government-State Housing Agreements.

The following table, compiled from annual reports published by the Registrar of Co-operative Housing Societies, provides particulars relating to the operations of societies at 30 June for each of the years 1975 to 1979:

**VICTORIA—OPERATIONS OF CO-OPERATIVE HOUSING SOCIETIES
AT 30 JUNE**

Particulars	Unit	1975	1976	1977	1978	1979
Societies registered	number	r1,680	1,817	1,864	1,898	2,062
Members registered	number	r54,338	53,108	52,240	52,108	52,401
Shares subscribed	number	r3,723,191	4,066,333	4,311,597	4,818,435	5,251,845
Nominal share capital	\$m	r372	406	431	482	525
Advances approved	number	r46,388	44,943	43,768	43,384	42,701
Advances approved	\$m	r366	391	425	476	536
Government guarantees executed	number	927	940	925	965	1,020
Government guarantees executed	\$m	214	219	201	221	243
Indemnities given and subsisting	number	4,940	5,099	5,857	5,968	6,171
Indemnities subsisting	\$'000	3,992	4,785	6,245	7,263	8,063
Housing loan funds paid into Home Builders' Account	\$m	195	224	253	283	308
Dwelling houses completed to date (a)	number	84,726	87,846	90,756	93,936	97,092
Dwelling houses in course of erection (a)	number	1,267	931	838	789	1,056

(a) Includes residential flats.

Home Finance Trust

The Home Finance Trust is a corporate body constituted under the *Home Finance Act* 1962. It is authorised to receive money on deposit, the repayment of which is guaranteed by the Victorian Government, for the purpose of making loans for housing on the security of first and second mortgages. Under the terms of the Act, the Trust is precluded from making loans in certain circumstances.

The number of loans granted by the Trust to 30 June 1979 and subsisting totalled 2,615 on the security of first mortgages, and 2,710 on second mortgages, the amounts involved being \$24.9m and \$12.8m, respectively. Corresponding information for 1978 was 2,806 on the security of first mortgages, 2,710 on second mortgages, and the amounts involved were \$26.4m and \$10.1m, respectively.

Further reference: *Victorian Year Book* 1967, p.618

Approved housing institutions

The *Home Finance Act* 1962 empowers the Victorian Government Treasurer, *inter alia*, to guarantee, in certain circumstances, the repayment of part of a housing loan made by an approved institution on the security of a first mortgage.

The Treasurer's guarantee covers that portion of a loan which exceeds the institution's loan limit, whether statutory or under the terms of a trust, or where there is no such limit, the guarantee applies to the amount of loan in excess of 60 per cent of the valuation of the security. Guarantees are available under the Act for loans up to 95 per cent of the value of the security.

At 30 June 1979, there were six approved institutions. Guarantees given by the Treasurer and subsisting totalled 101, the amount involved being \$176,762.

Further reference: *Victorian Year Book* 1967, p. 619

Decentralized Industry Housing Authority

The Decentralized Industry Housing Authority is a statutory authority, established by an Act of the Victorian Parliament on 19 April 1973. Its charter is to provide housing assistance to approved decentralised secondary industries established outside an 80 kilometre radius of the Melbourne G.P.O., and their key personnel. Housing loans are made on a first mortgage basis to enable eligible persons to purchase or build residential accommodation in the towns where they are employed.

An amendment to the legislation in 1975 gave the Authority powers to grant housing assistance to persons employed in public administration who are transferred to country locations. The total value of loans approved to 30 June 1979 exceeded \$12.7m.

Teacher Housing Authority

The Teacher Housing Authority was created as a statutory authority by an Act of the Victorian Parliament on 22 December 1970. Its objectives are to provide suitable housing accommodation for teachers and to improve existing housing conditions in respect of the accommodation provided by the Authority.

The Authority has a stock of over 2,000 houses with a total value of over \$40m spread throughout the country areas of the State. The average rent charged in respect of the houses is approximately \$19 per week.

An amendment to the legislation on 7 December 1976 gave the Authority the power to fix its own rents. It also increased the membership of the Authority by two to a total of five by inclusion of a teacher union representative and a person experienced in the building industry. Other members represent the Minister of Housing, the Minister of Education, and the Treasurer.

Its capital works programme allows for an expenditure of \$3m each year which provides for the purchase and construction of new housing as required throughout the State. Standards in existing houses are being upgraded to provide more modern accommodation for teachers. The location of the new housing is determined by the Education Department.

State Bank

The State Bank grants loans to eligible persons to build, purchase, or improve homes upon such terms and subject to such covenants and conditions as are prescribed or are fixed by the Bank's commissioners.

Loans are made from the Savings Bank and Credit Foncier Departments. Particulars for the years 1974-75 to 1978-79 can be found in Chapter 21 of this *Year Book*.

Other Victorian authorities

Victorian Government authorities (other than those providing rental housing under Housing Agreements) such as the Public Works Department, the State Electricity Commission, the Victorian Railways, the State Rivers and Water Supply Commission, etc., from time to time provide the necessary land and finance for the erection of dwellings for employees of those departments. The rentals charged are fixed according to the salaries of the officers occupying the dwellings. The dwellings erected by these authorities do not come under the control of the Housing Commission.

Other lenders

Details of all loans made to home purchasers are not available. However, particulars of the value of loans approved by major institutions to individuals for the construction or purchase of dwellings in Victoria for owner occupation are shown for the twelve months ending June 1978. A dwelling is classified as either a house or other dwelling. Examples of other dwellings are flats, home units, semi-detached cottages, villa units, town houses, etc. The amounts shown are loans approved, as distinct from actual payments, and do not include loans approved to institutions, public authorities, corporate bodies, or to persons constructing or purchasing homes for resale or for investment purposes.

Further reference: Rural Finance and Settlement Commission, *Victorian Year Book 1978*, p. 293

VICTORIA—HOUSING FINANCE STATISTICS: LOANS
APPROVED BY MAJOR INSTITUTIONS TO
INDIVIDUALS FOR THE CONSTRUCTION OR
PURCHASE OF DWELLINGS
(\$'000)

Institution	Loan approvals 12 months ending June 1978
Savings banks	779,545
Trading banks	109,342
Permanent building societies	346,666
Terminating building societies	70,145
Finance companies	56,102
Government	103,375
Other	35,463
Total	1,500,638

BIBLIOGRAPHY**ABS publications***Victorian Office*

Building approvals (monthly) (8701.2)

Building approvals by local government areas (annual) (8703.2)

Building approvals by local government areas (quarterly) (8702.2)

Building operations (quarterly) (8705.2)

Building operations: number of new houses and other dwellings: preliminary estimates (quarterly) (8704.2)

Mortgages of real estate lodged for registration (quarterly) (5601.2)

Central Office

Building approvals (monthly) (8702.0)

Building statistics (quarterly) (8705.0)

Housing finance for owner occupation (5609.0)