A Load of Old Garbage:
Applying Garbage-Can Theory to Contemporary Housing Policy

Abstract

This article reviews the applicability of John Kingdon's garbage-can model of agenda setting and alternative specification for understanding the complexities of policy making in the housing policy context. Garbage-can theories reject conventional 'policy cycle' models which envisage policy development processes as rational and underpinned by the logic of problem solving. They posit that there is only a loose relationship between problems and the policy solutions offered by national governments.

Using a case study from the Australian housing policy context, this article explains the principles of Kingdon's garbage-can theory and evaluates its usefulness. The authors argue that, with certain adaptations, it is a useful descriptive and explanatory model for understanding complex housing policy-making processes. A modified framework is used to explain how the Australian housing policy agenda has become narrowed to focus on safety net assistance for the most disadvantaged, while housing policy problems have continued to worsen. By providing a model for understanding the forces which drive irrational and reactive policy change, it is hoped that the groundwork will be laid for pursuing a more genuinely problem-solving approach in housing policy.
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Introduction

The question of how and why some issues come to be included on the public policy agenda while others do not has long been of interest to scholars. This article addresses these questions to the housing policy context, in an effort to understand why certain issues have captured the attention of policy makers while others have not. We use John Kingdon's garbage-can theory of agenda setting and alternative specification to analyse Australian housing policy since the 1980s. Garbage-can theories reject conventional 'policy cycle' models which envisage policy development processes as rational and underpinned by the logic of problem solving. For Kingdon, policy making is chaotic, random and frequently arational. There is thus only a loose relationship between problems and the policy solutions offered by governments.

Kingdon's theory seems especially applicable to housing policy in Australia because there is a rising perception that policy interventions over the last decade have been unsuccessful. The number of people in after-housing poverty has been rising (Burke 1998b); the supply of private low-income rental housing stock has been falling (Wulff, Yates & Burke 2001); homelessness has been on the increase (AIHW 1999); home purchasing is in decline (Yates 1999); public housing waiting lists have continued to grow (DFaCS 2000); and housing markets have become more polarised, with affordability in inner city areas eroding badly and a growth of areas at risk of social exclusion (Badcock & Beer 2000; Burke & Hayward 2001). This is not because housing policy has been ignored, for at one level the 1990s were a decade of policy reform unmatched since the 1940s. Rather, policy failures appear to be a consequence of the narrowing of what represented the housing problem and of the specific policy agenda adopted.

For many, these outcomes are a testament that advocates have failed to engage the interest and attention of policy makers sufficiently for housing issues to receive priority for appropriate action. However, this view may be
misplaced, as it makes certain assumptions about how policy processes work. It does not necessarily hold that more and better attention by housing advocates to documenting the nature of the problems (that is, evidence-based research) and to developing and promoting appropriate solutions would have produced a less circumscribed and ineffectual policy response than was experienced. We use Kingdon’s model to show how and why this is so.

Kingdon’s Garbage-Can Theory

Public policy processes are complex and fluid. They are highly competitive, involving numerous actors and competing interests. Policy studies scholars have developed theoretical models as a means of describing and understanding these processes, while recognising their inherent limitations. Amongst these, the ‘policy cycle’ or ‘policy stages’ model has been the dominant framework (Bridgman & Davis 1998; Hogwood & Gunn 1984; Sabatier 1991; Simon 1957). While there are some variations, it is generally agreed that the policy cycle comprises a number of stages underpinned by the logic and rationality of applied problem solving (Bridgman & Davis 1998; Howlett & Ramesh 1995). Thus, a problem is identified and defined, and the search begins for policy proposals to provide solutions.

Unlike the early ‘rationality’ models of Simon (1957) and others, later theorists recognised political and fiscal (among others) limitations to rationality and attempted to incorporate them into their models. Garbage-can theories are the antithesis of rational decision-making approaches, no matter how adapted. Policy making is portrayed as fragmented, contingent and highly fluid (Bridgman & Davis 1998; Howlett & Ramesh 1995). From this perspective, the success of particular proposals has as much to do with chance as with rigorous analysis and evaluation. The ‘garbage can’ is where, over time, policy ideas, problems and possible solutions are (metaphorically) dumped. The result is a complex and often random combination of problems and solutions, including preferred solutions in search of a problem to which they become attached. As Davis et al. (1993:172) observe:

When required to solve a problem, it is as though a decision maker reaches into the garbage can to pull out the problem with one hand, a policy
proposal with the other, joins the two together and proclaims a resolution. A garbage can contains answers in search of a suitable problem.

Based on an extensive body of empirical data, John Kingdon's research was concerned with the pre-decision stages of American federal government policy making — that is, how issues come to be included on the policy agenda. To have achieved agenda status, an issue has attracted the attention and interest of policy makers. Because of the sheer scale and complexity of public policy making, there is a limit to the number of problems or issues that can receive attention at any one time. The process by which this almost infinite array is narrowed is highly competitive. The policy agenda, then, comprises those problems or issues that have survived this initial selection process. In reality, there are many agendas, reflecting the sectoralised nature of public policy making. Thus, there is a transport agenda, a defence agenda, an environmental agenda and so on but, from each of these, only a few issues will become included on the agenda for governmental action.

The critical importance of agenda setting is now well recognised in the policy studies literature (Considine 1998; Hogwood & Gunn 1984; Howlett & Ramesh 1995; Peters 1993; Plein 1994). Within the agenda-setting tradition, Kingdon's *Agendas, Alternatives and Public Policies* is a seminal work. According to Kingdon (1995), the rise of an issue to agenda prominence is the result of a complex combination of factors including the degree to which a policy area is unstable/stable and unfragmented/fragmented. Table 1 summarises the main features of Kingdon's garbage-can theory.
Table 1. Kingdon’s Garbage-Can Model

<table>
<thead>
<tr>
<th>Problems</th>
<th>Policies</th>
<th>Politics</th>
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<tr>
<td><em>What are the mechanisms by which problems come to the attention of policy makers?</em></td>
<td><em>What is the process by which policy alternatives are formulated and selected?</em> Process is dominated by ‘hidden participants’ who use certain criteria to vet policy ideas and proposals. Political and economic factors shape the range of possible policy alternatives that will be considered. Other criteria include: *</td>
<td><em>What are the political factors which can create an environment conducive to agenda change?</em></td>
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<tr>
<td>- Systemic indicators</td>
<td>- Technical feasibility</td>
<td>- Elections</td>
</tr>
<tr>
<td>- Unemployment rates, rate of inflation etc.</td>
<td>- Congruence with preferences and values of key influencers.</td>
<td>- Changes of administration</td>
</tr>
<tr>
<td>- Focusing events</td>
<td>- Anticipated constraints: budgetary; public acceptability; receptivity of politicians etc.</td>
<td>- Public opinion</td>
</tr>
<tr>
<td>- Disasters and crises</td>
<td>- Who are the key actors?</td>
<td>- National mood</td>
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<td>- Powerful symbols</td>
<td>- What are their beliefs and preferences? Are they prone to intellectual fads and fashions?</td>
<td>- Pressure group campaigns</td>
</tr>
<tr>
<td>- Personal experience of policy makers</td>
<td>- Is the policy community composed of experts and specialists or is there a more open and fluid pattern of participation?</td>
<td>- Presence of policy entrepreneurs</td>
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<tr>
<td>- Feedback: Information policy makers receive in the normal course of events</td>
<td>- How is policy influence determined?</td>
<td></td>
</tr>
<tr>
<td>- Systemic monitoring: complaints, feedback etc.</td>
<td>- What is the political executive’s role?</td>
<td></td>
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<tr>
<td>- Formal mechanisms, eg program evaluations, government reports</td>
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<td>- Informal mechanisms: representations, lobbying</td>
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<td>- Budgetary constraints: limit the range of problems that can be considered</td>
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For Kingdon, agenda change is the product of the coupling of three otherwise independent 'streams' – problems, policies and politics – which flow through the policy-making system. In the problems stream, problems and issues come to the attention of governments through mechanisms such as systemic indicators or a focusing event. Here the strategic importance of problem definition as a political strategy for drawing attention to a policy issue is critical. The manner in which a problem is defined, articulated and brought to the attention of policy makers will determine its likelihood of success in highly competitive agenda setting processes (Anderson 1994).

In the policies stream, ideas and proposals are formulated, then subjected to constant review and reformulation as they float around in what Kingdon (1995:116) describes (in a mixed metaphor) as the 'policy primeval soup'. In a process akin to natural selection, alternatives are selected or discarded according to a set of criteria developed and enforced by certain policy actors. Policy proposals may or may not be directed towards solving substantive problems. Sometimes they will reflect an intellectual fad, while at other times they will reflect the preferences and values of key influencers within the policy community.

The politics stream consists of other influences on the policy agenda, which Kingdon (1995:87) describes as including national mood, election results, change of administration, interest groups and other organised political forces. Political forces can operate either as an impetus or a constraint on agenda change. Active within this stream are influential 'policy entrepreneurs' – people willing to invest their resources, time, energy, reputation and money in the advocacy of an idea – who play an important role in problem definition and politics (Baumgartner & Jones 1993; Kingdon 1995; Levine 1985). Policy entrepreneurs use resources which include their claims to a hearing, their political connections and negotiating skills, and their sheer persistence to make the connections between the problems, policies and politics streams which are necessary to ensure agenda change is achieved (Kingdon 1995:180). In Kingdon's model:
Policy entrepreneurs engage in two rather different types of activity, advocacy and brokerage. They serve three functions: firstly, to promote ideas by pushing them higher up on the public agenda; secondly, to 'soften up' the system so that when a policy window opens, their pet proposal will meet a receptive audience; and thirdly, to make the critical 'coupling' of problem, policy and politics when a window of opportunity opens (Levine 1985:257).

At certain times, which Kingdon (1995:88) terms 'policy windows', the three streams converge to create opportunities for agenda change. Policy windows are opened by events in either the politics or the problems stream. They may open predictably, such as when a legislative review is due, or as the result of sudden unanticipated change. Policy windows are opportunities for policy entrepreneurs to achieve linkages between problems, policies and politics, and to advance their issues to a place of higher prominence on the agenda for governmental action (Kingdon 1995:204). Thus, while it is important to understand the three streams separately:

- the key to understanding agenda change is their coupling. The separate streams come together at critical times. A problem is recognised, a solution is available, the political climate makes the time right for change, and the constraints do not prohibit action (Kingdon 1995:88).

In a departure from earlier agenda-setting literature, Kingdon (1995:4) distinguishes between agenda setting and alternative specification processes, arguing that these are two different processes involving different actors and influences. While he conceives of the agenda as a list of subjects or problems to which governmental officials and their close associates will pay serious attention (Kingdon 1995:2), alternatives are the possible policy responses to those problems. Kingdon's empirical work found that agenda setting processes were dominated by 'visible participants' including presidents, high level appointees, prominent members of congress, the media, political parties and campaigners (Kingdon 1995:199), while alternative specification processes were dominated by 'hidden participants', specialist members of policy communities.
For Kingdon (1995:72), the key to understanding policy change is not where an idea came from, but what made it take hold and grow. It is therefore less important to identify the origins of a particular policy idea than to understand the complex combination of factors which bring an issue to agenda prominence and make governments receptive to agenda change.

**Criticisms and Limitations**

As an organising framework and a structuring device to aid understanding, there is much to recommend Kingdon's garbage-can theory. While it has the inevitable limitations of models which seek to impose order on dynamic events, the theory provides an accessible general framework for describing and explaining policy processes and the forces at work in the competition for agenda status. To many academics, the model may seem deceptively simple, offering new categorisations on the fairly obvious theme of policy making as a complex political process, but its contribution to applied policy-making knowledge is the model's greatest value. By offering a real-world framework for understanding the patterns and structures of agenda setting – in particular, the loose relationship between problems and policies – participants and stakeholders can become more informed and perhaps better equipped to pursue a more genuinely problem-solving approach.

Despite its many praiseworthy features, the garbage-can model has four important limitations. Firstly, there may be difficulties applying it outside of the United States. The model is embedded in an institutional structure which is uniquely American, and reflects the institutional characteristics of policy making in that polity. Briefly, these include: a pluralist and open pattern of participation, particularly the tendency for agenda items to be initiated outside of government (Cobb & Elder 1972; Considine 1998); fragmentation of policy making across many sites of power and decision making; the existence of sophisticated and influential policy communities; and, according to Kingdon (1995), independence between the policies and politics streams. This criticism does not diminish the value of the garbage-can model, but simply indicates that, to be applied outside of an American policy-making context, it must be adapted to account for institutional differences between political systems.
A second criticism is that the model lacks a capacity to predict which problems are likely to achieve inclusion on the policy agenda, or the kinds of political or institutional conditions which create policy windows (Mucciaroni 1992; Sabatier 1991). Kingdon (1995:222) rejects this limitation, claiming that a probabilistic model is the best that can be achieved, given the complexity and fluidity of policy-making processes. While there is merit in this argument, it is possible that by accounting for a third limitation – that is, inadequate attention to context and to the historical development of issues as policy problems – patterns in the emergence of problems and solutions could be exposed. Although unlikely to provide a capacity to accurately predict policy agendas, familiarity with the contents of the garbage can, knowledge about the preferences of key policy actors, and awareness of policy entrepreneurs may assist identification of the kinds of issues competing for attention. By using the garbage-can model to understand complex policy-making processes, it may also be possible to predict areas that are vulnerable to agenda volatility and to derive strategies for improvement.

A fourth and significant limitation of the garbage-can model concerns the choice of policy alternatives. While explaining that, in the policies stream, policy specialists use certain criteria to assess the feasibility of various alternatives, the model does not develop our understanding of how and why certain ideas or approaches emerge and become dominant. There is a need to develop better explanations for the emergence of policy orthodoxies such as, for example, privatisation and contracting out, and how these act to shape the range of alternatives considered feasible.

In this article, the basic framework of Kingdon is used to explain Australian housing policy in the 1990s but, where relevant, adaptations are made to address the limitations noted above. Most importantly, the different institutional structure of Australia necessitates certain modifications to Kingdon’s framework. Figure 1 captures the essence of the model as it might apply to a housing policy situation. It shows a policy window behind which exists a garbage can full of problems, issues, and policy options (Kingdon’s primeval soup). Which of these are pulled out to become part of the agenda for
policy debate, evaluation and implementation depends on the interaction between the politics and policies streams. That, however, is a structured process depending on a certain context which gives different actors the ability to determine the policy responses – what Kingdon calls the ‘alternative specification’ process. In the Australian housing policy context, housing assistance for high-need households – and particularly rent assistance – is what was plucked out of the primeval soup.
Figure 1. The Housing Policy Garbage Can
The case study which follows uses Kingdon's model to explain the policy vacuum that emerged with respect to Australian housing from the early 1990s. Our argument is that, despite a wide range of housing and housing related problems over the last decade (most of which are worsening), the policy agenda was progressively narrowed to an issue of housing assistance for high-need households. Other problems and policies fell off the agenda unless they emerged in an ad hoc response to a particular focusing event, for example, the Goods and Services Tax (GST) triggering a collapse in new housing starts.

A starting point is recognition of Kingdon's idea that certain policy areas are more fragmented and unstable than others. Such areas are especially prone to agenda volatility and to reactive and ad hoc policy making. These may be sectors in which stakeholders (including decision makers) disagree about the broad parameters. There may be greater or lesser diversity among those participating in policy debates, and in the frequency of their engagement. There may or may not be continuity over time in the issues that are perceived to be the key problems warranting attention from governments.

There are a number of reasons why Australian housing policy is more fragmented and unstable than, say, the health or education sectors. Firstly, housing is primarily market provided and managed. It is notoriously cyclical and is therefore subject to problems created by market instability. Because of housing's importance to the Australian economy, as demonstrated by the dramatic impact on GDP of the downturn which followed the introduction of the GST (HIA 2001), market fluctuations bring pressure to bear on governments to intervene in housing markets. By contrast, during periods of market buoyancy, governments are urged to stay out of housing markets. This may in part explain the tendency for reactive and ad hoc policy decisions, amongst which the Howard government's decision to double the First Home Owners' Grant (FHOG) scheme from $7,000 to $14,000 is merely the most recent example. Secondly and relatedly, housing is especially vulnerable to 'fashions' in problems and policies. Where health concerns itself with issues of health coverage and hospital waiting lists from decade to decade, housing waxes and wanes between issues of affordability, quality, neighbourhood or estate
renewal, housing and urban form, home ownership, private sector regeneration, and mortgage interest rates, amongst others.

Because of the particular structure of the housing industry (in the broadest sense of 'industry'), each issue attracts new participants who, more often than not, have competing policy positions. Constant upheavals in the pattern of participation inhibit the development of shared understandings of problems and potential solutions. Such agreement might also depend on the particularity or specificity of the problems. Unlike many other policy areas or subsystems, Australian housing problems are not universal, but tend to be experienced by minorities. While everyone has a fear, and some probability, that they could become ill or injured and thus dependent on the health system at some stage, most households are reasonably protected against the vagaries of the housing market. Owner-occupiers cannot be evicted; rising mortgage rates threaten only marginal borrowers with mortgage default and these are comparatively few; house price inflation erodes affordability for some but actually enhances the wealth of others; the quality of stock accumulated over the years is such that the bulk of households do not fear substandard housing conditions. Problems are thus particular to a few – and it may be a different few for different housing problems.

Another factor creating an unstable environment is the federal structure of Australian housing policy, which ensures the involvement of a wide variety of politicians, their advisers and bureaucrats. There has been considerable instability in administrative and political participation in housing policy because of organisational and staff changes at both commonwealth and state levels. Frequent turnover of participants, the inherently conflictual nature of the federal-state relationship and the intermittent interventions of central agency interests have precluded the development of common beliefs and understandings of issues such as is characteristic of more integrated and stable policy communities (Baumgartner & Jones 1993; Sabatier & Jenkins-Smith 1993).

A further problem is the highly diverse range of stakeholders who comprise the policy community. The Australian housing industry or system is made up of
four distinct but interrelated subsystems concerned with production, consumption, exchange and management, each with its specific set of stakeholders. Those in the production and exchange subsystems (builders, developers, landlords, estate agents, and their peak associations) have been dominant in shaping policy debates. Their well organised industry lobby groups have been effective in developing and maintaining close relationships with governments. Paris (1993:70) argues that an important strategy of producers has been to represent their interests 'as if they were identical to those of consumers'. By contrast to their producer and exchange counterparts, consumers – whose interests are much more heterogeneous – face difficulties in achieving effective representation in policy development processes. A plethora of producer, consumer and other interests engage with housing issues, each pursuing different and frequently conflicting policy objectives. Amongst these participants there are often fundamental ideological disagreements.

Despite the fragmentation of the subsystem, certain problems do get on the housing policy agenda while others do not. From the postwar period to the 1970s, housing was a central concern of Australian governments. Seen as a key platform of nation building, active government intervention in housing enjoyed broad bipartisan support. This policy consensus fractured in the early 1970s, and since then the absence of an agreed framework has contributed to reactive and ad hoc policy making, and has exposed housing policy to significant conflicts over future directions. Despite its importance to the economy and to individual and community wellbeing, housing issues, other than that of housing assistance to low-income households, have been marginal to, or completely absent, from the policy agenda. Some of this is attributable to the unstable nature of the policy environment as outlined above, but that is only part of the story. Using the politics, policy and problems streams of Kingdon we can see how in the 1990s a very selective agenda was framed from the contents of the housing policy garbage can.
The Politics Stream

Institutional Context: Market Liberalism and Federalism

Kingdon's politics stream is concerned with the political factors which create an environment conducive to agenda change. We can identify a number of processes operative here, one of which is the broad institutional context – a dimension understated by Kingdon.

Australia, like the United States, has been categorised as a market-liberal society with an emphasis on small government, low taxation, marketisation and values on self-help and individualism (Esping-Andersen 1996, 1999). If anything, Australia's status as a market-liberal society consolidated in the 1990s with the growth of economic rationalism. By the mid-1990s, as Fenna (1998) argues, this doctrine had affected virtually every area of public policy. Thus, social democratic discourse which had facilitated earlier government housing policy interventions was displaced by economic rationalist discourse. Where the former tends to view the market as imperfect and inequitable and requiring some government intervention to maximise its potential, the economic rationalist perspective basically sees the market as an effective allocator of resources subject to minimum interventions to ensure a safety net for the most disadvantaged in society.

A second important institutional dimension of the Australian political structure is that it is a federal system (like the United States) but with a much stronger central government and a particularly weak local government (unlike the United States). This system has historically required a specific housing assistance agreement – the Commonwealth-State Housing Agreement (CSHA) – to define the responsibilities of each sphere of government. This is negotiated every three to four years, requires intergovernmental consultation and bargaining, and is a highly visible process. The commonwealth provides half of all funds for public and, more recently, community housing (the states the other half) and also provides private sector rent assistance. The commonwealth through its control of the tax system and financial regulation (or lack thereof)
also shapes the institutional context in which private housing is produced and consumed. Negative gearing for private landlords and the absence of a capital gains tax on owner-occupied property are the most important tax instruments affecting housing outcomes. By contrast, the states provide and manage social housing (public and community) and provide the planning and regulatory framework for construction and exchange, including residential tenancy law, planning law and building regulations. Local government's role in housing is minimal, being essentially one of administering planning controls on residential development.

Market liberalism – notably, the virulent economic rationalist form of the 1990s – and federalism create a political context which inevitably narrows the policy agenda. Given the market-liberal values of small government and fiscal restraint, it is not surprising that the housing problems which attracted the attention of policy makers were defined in terms of rationing housing assistance to potential 'safety net' households. Broad issues and problems that attracted concern in earlier periods, for example, the role of housing markets in affecting urban form, the achievement of home ownership, or issues of regional development, were no longer concerns of a minimalist state – the market could be left to address these areas, with the housing problem being defined narrowly according to a particular conception of the income assistance problem.

The concern with housing assistance and rationing was given an additional focus by the Hawke Labor government's 'new federalism' initiatives. By the early 1990s, housing policy had become increasingly enmeshed in general debates about federal-state relations, rather than about the best housing outcomes. Federal-state relations have always been a source of tension, and the purchaser-provider and competition principles of economic rationalism raised new arguments about roles and responsibilities. In the interests of a more competitive global economy, the commonwealth was pushing to be the level of government essentially concerned with economic management, with the states to be the deliverers of services; essentially this was to be an expanded purchaser-provider relationship. Given the political and fiscal visibility of the CSHA, the reform of housing assistance arrangements became a focus of intergovernmental discussions. Under the auspices of the Council of Australian
Governments (COAG) in April 1995, Housing Ministers presented a report which included a proposal for fundamental changes to housing assistance roles and responsibilities of commonwealth and state governments as recommended by the Industry Commission (1993). From 1995 onwards, all Housing Departments became obsessed with housing assistance reform, while other issues and problems fell off the agenda because they did not fit neatly into discussions of federal-state relations or purchaser-provider models.

Elections

The slide into a policy vacuum other than one of housing assistance was reinforced by another conducive political factor – a change of federal government. In 1995 COAG agreed in principle that the commonwealth would accept responsibility for housing subsidies and affordability, consistent with its role in providing income support payments, while the states would assume responsibility for the management and delivery of public housing. In 1996 the newly elected Howard commonwealth government attempted to use the 1996-99 CSHA to force state public housing agencies into a more commercial focus and to adopt a new funding regime for public housing, including a common rental subsidy payment for public and private tenants. The negotiations broke down in acrimony as an attempt to achieve substantive reform of housing assistance arrangements was overwhelmed by the new government's desire to implement its radical program of public sector reform and to make substantial cost savings under its deficit reduction strategy (Dullard & Hayward 1998; Tiernan 1999).

In other words, the zeal for economic rationalist reform undermined – at least from the states’ perspective – negotiations that would have fundamentally reformed federal-state relations. As a result, an interim CSHA was signed which left housing assistance unreformed and instead gave attention to greater efficiency in the agency delivering supply-side housing assistance (public housing). The growth by stealth of rent assistance continued unabated and undebated while other housing and housing related problems were ignored (Hulse 2001). The neglect of wider housing related issues, such as problems of areas of low demand and poor amenity (for example, the Latrobe Valley, Inala
and Sydney’s West), was also facilitated by the abandonment of the Building Better Cities program and the absorption of the federal Department of Housing into the Department of Social Security.

*Changes to Market Context*

While changes to the political environment pushed the issue of housing assistance to the forefront of the housing agenda, other changes helped push other issues and problems off the agenda. They did so because of attributes inherent to market-liberal societies. Home ownership, once the touchstone of Australian housing policy, disappeared as a policy issue in the 1990s for three broad reasons. Firstly, financial deregulation in the 1980s created a market—rather than state—controlled finance system. This abrogated the requirement of the commonwealth to have any role in home ownership finance as had been the case pre-deregulation.

Secondly, in an effort to compensate for the withdrawal of the commonwealth, and recognising the limitations of private market finance, state governments created their own regional schemes to finance low-income ownership. These floundered in the early 1990s. Caught out by high market interest rates—which placed a minority of households in these schemes in some financial stress—and some bad media coverage, state governments phased them out and concentrated instead on public housing. So wounded were the states that, Homeswest aside, state housing authorities are still reluctant to assist home ownership.

Thirdly, Australia began the 1990s with a severe recession, partly induced by the excesses of financial deregulation during the preceding decade, in which residential property investment played an important part (Burke & Hayward 2001). The effect of this, in the housing system, was falling mortgage interest rates and a contraction in house prices compared to the late 1980s (Burke & Hayward 2001). This latter period had created a climate for house price inflation and the speculative nature of the housing industry to emerge as political problems. The 1990s market collapse effectively removed concerns about inflation-induced affordability problems from policy concern and pushed
issues associated with the efficiency of the private market off the agenda. Policy makers did not recognise that market inflation is a long-term structural problem inherent to the sector, which creates the need for housing assistance, and so the issue failed to achieve inclusion on the policy agenda.

At another level, data which showed an expanding private rental sector suggested the market’s innate ability to adapt to a wider housing assistance role, reinforcing the commonwealth’s conviction that their rent assistance emphasis was well placed. This belief has been undermined by subsequent analysis (Wulff, Yates & Burke 2001) which has demonstrated that this growth was at the upper end of the market, while the low (affordable) end was in contraction. At the time, the market context appeared to support the wisdom of the housing assistance direction.

Changes in Administration

The organisational and administrative arrangements of government, including the organisational structure and the work practices that define how administration is undertaken, are another aspect of Kingdon’s politics stream. Housing policy was affected by both the general reforms to the public sector and the specific reforms to housing. The 1990s were dominated by debates about public sector reform. Closely linked with the emergence of economic rationalism, the ‘new managerialism’ was the idea that the public sector needed fundamental reform, and this reform meant management more on the principles of the private sector (O’Fairchellaigh, Wanna & Weller 1999; Osborne & Gaeble 1992). Corporatisation become the mantra of those proposing reforms to government departments and thus, when any review of the public sector was conducted, the ubiquitous solution was founded on marketisation principles.

Two particularly important reviews that shaped the policy agenda were those of John Mant (1992) for the New South Wales government and the Industry Commission (1993) reports on public housing. Mant’s report was written within the ‘new managerial’ framework and recommended a raft of reforms to the state’s Housing Department along corporatisation and marketisation lines. It was paralleled by two Industry Commission reports on
public housing commissioned by the commonwealth government. While acknowledging that, in the long term, supply-side policies provide the most efficient form of housing assistance, the commission's recommendations concentrated on organisation and managerial reforms for achieving greater efficiency within the existing stock, rather than pushing for any expansion of public housing to meet unmet housing needs. These reforms were all couched in the language of the new managerialism, such as 'purchaser-provider splits', 'transparency' and 'market prices'.

Housing agencies spent much of the 1990s implementing the administrative and organisational recommendations of these two reports, including, in the case of Victoria, South Australia and Tasmania, the rationalisation of Housing Departments into a Human Services Department. These changes sent a strong signal that the housing policy agenda would be concerned with linking housing assistance with related services. Policy in terms of affordability, market outcomes (for example, quality and appropriateness), decline of home ownership, performance of the private rental sector, sustainable communities, links to planning and infrastructure development became irrelevant in such a departmental configuration. Since 1996 at the commonwealth level, housing has had virtually no organisational visibility. Whereas in the early 1990s the housing function was located in the large Department of Housing and Regional Development, with a mandate to look at reforms in construction and planning, and regional development as well as housing assistance, by 1996 housing had been absorbed into the Department of Social Security, which in 1998 became the Department of Family and Community Services (DFaCS). In the process, its organisational identity has been lost and its role has been reduced largely to monitoring housing assistance and policy research related to this role.

While the problems of public sector housing were comprehensively documented in the Mant and Industry Commission reports, their causes were never, or inadequately, explored. In surprising conformity to the garbage-can theory we have elaborated, policy responses were promoted which in many respects were irrelevant to the problems. In a different political climate, high waiting lists might have been seen as a measure of the need for, and confidence
in, public housing and as a rationale for an expanded sector; the high number of low-income households on rental rebates as evidence of effective targeting; the age of stock as a rationale for increased funding; and the concentration of stock in areas of disadvantage as evidence of failed regional policies and the need for programs of urban or regional renewal. Yet these problems were not defined in such terms. Rather, they were seen as evidence of a systemic management failure of public housing (Burke 1998a; Tiernan 1999). In an era where new managerialism had captured key bureaucrats, consultants and other policy influencers, policy alternatives which proposed an expansion of public housing did not survive the alternative specification process. Australian governments were receptive only to managerial reforms based on marketisation principles. The unstated corollary of rejecting any expansion of public housing as a solution to the problem of low-cost and special needs housing (a supply response) was an acceptance of the demand response of rent assistance.

Public Opinion

In any opinion poll in the last decade, rarely have housing issues figured in the top 20 social concerns. This compares with the late 1980s when high interest rates and mortgage payments figured prominently. Throughout the 1990s falling interest rates and the effect of stable house prices created an unproblematic housing context for most of the public, removing pressures on governments to address issues of affordability. Other housing and housing related issues (for example, falling home ownership, increased after-housing poverty, the decline of certain regional areas and suburbs) did not concern or were invisible to the bulk of voters. Thus, without the public opinion profile of the education or health issue area, policy makers’ attention turned away from broader housing issues towards the problem of housing assistance and
The Problems Stream

Systemic Indicators

Kingdon's model identifies certain indicators of social or economic performance that can affect what gets on the agenda. Governments are highly sensitive to unemployment data, inflation trends and some other indicators, perhaps especially regular opinion poll results. The former are mainly economic, while social indicators that do exist rarely get media coverage in a way that could shape the policy context. In housing, the indicators are few and, of these, only two attract the media attention that galvanises policy responses. One is the Commonwealth Bank report on housing affordability which has an important flaw (Commonwealth/HIA 2001). It uses as its base year for its affordability index 1997 when interest rates were at 15.5% (close to record highs). As a result, given the low interest rates of the 1990s, it has consistently shown an improvement in affordability. The interest rate effect disguises the underlying house price inflation which, particularly since the late 1990s, has taken real house prices in some locations, notably Melbourne and Sydney, to record highs. This indicator has enabled policy influentialists, including ministers, to claim there is no affordability problem.

The other indicator is housing approvals – a proxy measure of the overall health of the construction side of the industry. Throughout the 1990s this also appeared unproblematic because, when approvals were flat or in decline (as they were during the early 1990s), it was seen as a function of the general recessed state of the economy, not as a consequence of government policy. Conversely, when approvals were healthy (1994-2000), this was seen as a measure of good government economic management. In late 2000, as the Housing Industry Association had warned, the industry went into a GST-induced slump which, given the unpopularity of the GST generally, become a prominent media story and thus a political problem for the Howard government. As suggested earlier, the increase in the FHOG was an ad hoc policy, taken without any apparent analysis of its effects – in particular, its potential to fuel house price inflation –
and unrelated to any broad housing objectives beside short-term industry stimulation.

Other housing issues (for example, homelessness, home purchase decline, at-risk housing markets) have no regular social indicators which could influence the policy agenda. By contrast to the absence of systemic indicators elsewhere in the housing system, CSHA reporting requirements mean that state housing authorities have to collect and provide annually performance indicators on a whole range of public housing policy management and administrative areas. This sets a data agenda whereby Housing Ministers focus on public housing rental arrears, size of waiting lists, and their client satisfaction standing vis-à-vis that of other jurisdictions. The level of attention and administrative energy devoted to these measures seems disproportionate when it is remembered that social housing comprises less than 6% of total housing stock.

Focusing Events

Housing problems do not lend themselves to events which focus the public’s or politicians’ attention. There are a few hoary events that the current affairs shows drag up every few months, but their effect is only to reinforce existing policy agendas. The ‘tenant from hell’ stories, more often than not a public tenant, both create an ‘individual pathology’ view of housing problems and prompt viewers to advocate a tougher management attitude as an appropriate policy response (Tiernan 1999). These are counterpoised against the ‘victim battling bureaucracy’ stories about somebody being evicted from public housing. The button to be pressed here is how incompetent and insensitive housing agencies are. The contradiction in stories aside, the effect is to have housing problems seen in very narrow terms, as distant from the lives of ordinary people. Focusing events provided no particular pressures for policy alternatives other than housing assistance and public sector reform.

Budgetary Constraints

The coincidence during the 1990s of commonwealth and state governments committed to fiscal constraints obviously had the potential to narrow the range
of problems identified as requiring policy action. In housing, the agenda setting impacts of budget constraints were more complex than we might anticipate. At the end of the 1990s actual expenditures on housing assistance were greater than a decade earlier, although with little evidence of any improvement in outcomes (Hulse 2001). What did occur was a switch in housing and housing related expenditures. Certain commonwealth programs and housing related programs such as the CSHA, Building Better Cities, Green Street and the Local Approvals Reform Program (LARP) were part of the budget process and had to go through a formal appropriations process. Others such as rent assistance, and tax assistance for landlords through negative gearing, were outside the budgetary process.

While the former were exposed to considerable scrutiny and review, including funding reductions as the commonwealth pursued tight fiscal discipline, the latter received no such review. While expenditure control saw the elimination of the Building Better Cities, Green Street and LARP programs, and reductions of around 20% to the CSHA in the five years since 1995-96, rent assistance costs have grown from $1.1 billion in 1992-93 to around $1.6 billion in 2000-01. Building Better Cities, Green Street and LARP focused on issues beyond housing assistance, for example, sustainable development, new efficient building forms, affordable housing, improved regulatory processes. Their defunding has seen the dissipation of a policy agenda around broader housing issues.

Policies Stream

Just as some problems are pushed up or down the public agenda, so it is with the policy responses they engender. A concern with the problem of low-income housing assistance could have prompted a variety of responses. Kingdom’s model provides an explanatory framework for understanding the complex combination of factors by which rent assistance became the favoured policy to be plucked from the housing policy garbage can and attached to the problem of income assistance.
The past 20 years have seen a remaking of the public sector, in particular, a fundamental change in relations between ministers and public servants. Debate has raged over the extent to which reforms designed to enhance political control over the public service, to make bureaucracy more responsive to the government of the day, have politicised it (Tiernan 1999; Weller 2001). Implicit in these controversies are concerns that the tendency for personalised appointments at senior levels of the career service, greater use of personal advisers and selective engagement of consultants and other external advisers has altered the balance of influence within the policy-making system. A key concern is that these changes have diminished the public service’s capacity to provide independent advice, and that public servants seeking advancement may try to read the political mood of government and pander to it, rather than give objective advice.

Campbell and Halligan (1999:30) have noted that, under the Hawke and Keating Labor governments, a certain symbiosis developed between the government and key segments of the public service. In housing, the Commonwealth’s persistence with inquiry after inquiry from the late 1980s to the mid-1990s was indicative of the policy flux within the housing policy subsystem, and also of its determination to pursue alternatives to public housing as the need for housing assistance grew and the role of the state came under challenge (Burke 1998a; Tiernan 1999). A change to a conservative federal government in 1996 opened a policy window for an even more aggressive but tightly focused approach to housing reform. Policy reports emerging from the Commonwealth had a remarkable capacity to obscure any problems in the private rental sector. This gave further momentum for rent assistance in the private sector as the policy option to dominate the housing policy agenda.

Conclusions

In 2001 rent assistance is the major form of housing assistance in Australia. Public housing has been greatly weakened and many housing problems are worse than a decade ago. The explanation we have advanced in this article is that the wrong problems and wrong policies were coupled together to become
the agenda for reform at the beginning of the 1990s and gathered a momentum of their own by 1996. By applying the garbage-can model within a specific institutional context, we can begin to understand how this came to be the case. Many of the elements of this context are still prevalent today, which suggests little capacity to shift the agenda to policy directions which might create actual improvements in the Australian housing subsystem. We have argued that its fragmented and chaotic nature inhibits and arguably precludes rational decision making or problem solving. Thus, conventional public policy models are unsuitable devices for describing and explaining agenda setting and alternative specification in a housing policy context. Kingdon’s garbage-can model provides a useful framework for understanding how, despite efforts over more than 20 years to reform housing assistance arrangements in Australia, policy solutions have not been found. Finding pathways out of this policy malaise presents a significant challenge. We hope that, by offering a model by which current impediments to problem solving can be identified, advocates may be able to devise strategies for overcoming the mistakes of the past.

References

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¹Kingdon (1995:3) defines the agenda as 'the list of subjects or problems to which governmental officials and people outside of government closely associated with those officials are paying some serious attention at any given time'.
Kingdon (1995) proposes a two-tiered classification of policy actors which distinguishes those 'inside' and those 'outside' of government. Insiders comprise two groups: congressional staff, including committee staff or those from support agencies; and executive branch representatives including senior bureaucrats, political appointees and presidential staff. People outside of government include lobbyists, journalists, consultants, academics and researchers. While such a classification scheme is obviously most applicable to the United States political system, an Australian typology developed by Considine (1998) and Muller and Headey (1996) suggests a similar pattern of participation.