

Standing Committee on Tax and Revenue Committee

Public Hearing – 14 September 2021
ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Hearing on Tuesday 14 September 2021 - Inquiry into housing affordability and supply in Australia

Question reference number: IQ21-000117

Senator: Jason Falinski

Type of Question: Spoken. **Hansard Page/s:**

Date set by the Committee for the return of answer: 06 October 2021

Question:

CHAIR: In terms of those priority cohorts, what sorts of programs has the government been running over the last 20 years?

Mr Flavel: Do you mean in relation to housing as opposed to more generally?

CHAIR: Yes, in relation to housing, sorry.

Mr Flavel: It's a good question. It might be something we have to take on notice, to go back that far. I've mentioned that there are specific things more recently, such as the National Rental Affordability Scheme and other ways in which this agreement and previous incarnations of it have funding for particular groups. And, obviously, there have been broader Commonwealth-state agreements—for instance, in relation to remote housing - which had a particular focus on that Indigenous cohort.

Answer:

The Australian Government has partnered with state and territory governments (states) for the past two decades through several national agreements. Each of these included a focus on particular cohorts. In summary:

- The 1999-2003 Commonwealth State Housing Agreement (CSHA) included a focus on households whose needs could not be met by the private market.
- A key priority for the 2003-2008 CSHA was to reduce Aboriginal and Torres Strait Islander disadvantage.
- The 2009-2018 National Affordable Housing Agreement also included a focus to improve outcomes for Indigenous Australians. It also focused on people at risk of homelessness.
- The current National Housing and Homelessness Agreement (NHHA) established national priority homelessness cohorts. Cohorts must be addressed in states' homelessness strategies. These cohorts include:

- women and children affected by family and domestic violence;
- children and young people;
- Indigenous Australians;
- people experiencing repeat homelessness;
- people exiting institutions and care into homelessness; and
- older people.

The Department of Social Services administers programs under the social services portfolio that contribute to improving housing outcomes for vulnerable cohorts. These include:

- Commonwealth Rent Assistance (CRA) for eligible income support and family assistance recipients renting in the private rental market and community housing. The Australian Government expects to spend \$5.3 billion on CRA in 2021-22 to assist around 1.5 million eligible individuals.
- The Safe Places Emergency Accommodation Program (Safe Places) is a \$72.6 million capital works grant program funding the renovation, building or purchase of dwellings to create safe emergency accommodation for women and children experiencing family and domestic violence.
- The Hobart City Deal is a \$30 million Australian Government commitment to provide over 100 new social housing dwellings in Greater Hobart in partnership with community housing providers.
- The National Rental Affordability Scheme (NRAS), which commenced in 2008, provides an annual financial incentive for approved participants who rent dwellings to eligible people on low-to-moderate incomes at a rate of at least 20 per cent below market value rent. Incentives are available for up to 10 years per dwelling.
- The Australian Government provides \$124 million over 5 years from 2018-19 to the Reconnect program (Reconnect). Reconnect, established in 1998, is a community based early intervention and prevention program for young people aged 12 to 18 years (or 12 to 21 years in the case of newly arrived youth) who are homeless or at risk of homelessness, and their families.
- The former Government provided \$396 million over 5 years from 2008-09 under the Housing Affordability Fund (HAF). The HAF provided grants to state, territory and local governments to work in conjunction with the private sector to reduce housing related infrastructure and planning costs and pass savings on to eligible purchasers.
- The former Government provided \$106.3 million over 3 years from 2011-12 under the Building Better Regional Cities (BBRC) Program. The BBRC Program aimed to facilitate the provision of affordable housing for low-to-moderate income earners in regional Australia. Funding was provided to local councils for infrastructure projects to expedite the release of land, and support an increase in affordable housing. Local councils were required to co-contribute to the project by providing discounts/rebates on the sale for eligible purchasers.

Other portfolios including Treasury and the National Indigenous Australians Agency (NIAA) also administer housing programs.

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ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Hearing on Tuesday 14 September 2021 - Inquiry into housing affordability and supply in Australia

Question reference number: IQ21-000118

Senator: Jason Falinski

Type of Question: Spoken. **Hansard Page/s:**

Date set by the Committee for the return of answer: 06 October 2021

Question:

CHAIR: This is my last question, so, Julie, I'll be handing it over to you in a moment. The Economist ran a lead article last year on property, and in that article it made the point that, after the bubble burst in the Japanese property market in 1989, a lot of money was spent on what we would call social housing and affordable housing, which I think they call public housing in Japan. While this helped improve homelessness and access to housing throughout Japan, it didn't shift the needle that greatly—I think that was the phrase they used. However, when the city government of Tokyo undertook planning reform, it did have a significant effect on homelessness as one measure, which was reduced by 80 per cent. Do we, as part of our programs, have a reporting mechanism where we control and test different programs to see what works and what doesn't?

Mr Flavel: I'm not aware of specific—you're essentially talking about a randomised trial or other ways in which you could test if particular government interventions do or don't reduce the number of people who are homeless. Again, I'm not aware of any off the top of my head, but I'm happy to look at whether there have been any specific studies done that go to the point of examining to what extent you can isolate particular government incentives or programs and their impact on reducing some of those adverse findings.

CHAIR: So you'd like to take that question on notice?

Mr Flavel: Yes, please.

Answer:

The Department has not undertaken randomised controlled trials to test the housing programs under the social security portfolio. States are responsible for the day-to-day provision of social housing programs and services and provide data and reporting on their own housing programs and initiatives.

The Social Services portfolio administers a range of initiatives to support social housing and rental affordability outcomes which are regularly monitored to assess their effectiveness. This includes the National Housing and Homelessness Agreement (NHHA), Commonwealth Rent Assistance (CRA) and housing programs such as the National Rental Affordability Scheme (NRAS). The department also provides funding either directly or to the State and territory governments (states) for specific purposes to support access to affordable housing.

National Housing and Homelessness Agreement

Progress towards achieving the objectives and outcomes of the NHHA is informed with reference to the national performance indicators in clause 31 of the NHHA. The Australian Government is required to produce an annual report measuring the national performance indicators. The Productivity Commission does this by publishing the [NHHA performance reporting dashboard on their website](#).

The NHHA also requires the Productivity Commission to review the effectiveness of the Agreement in achieving its objectives. The Productivity Commission review of the NHHA is expected to begin in 2021, for completion by 30 June 2022 as required under clause 54 of the NHHA.

Commonwealth Rent Assistance

The department measures the performance of CRA by considering the percentage of CRA recipient households in rental stress before and after receiving CRA. The department's target is for CRA to reduce the proportion of recipient households in rental stress by at least 25 percentage points. The department reports this in the [annual report available online](#).

National Rental Affordability Scheme

The department measures the performance of NRAS by considering the percentage of NRAS households in rental stress before and after NRAS discounted rent. The number of NRAS incentives for a relevant year are also measured. The department reports these in the [annual report available online](#).

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Department of Social Services

Topic: Hearing on Tuesday 14 September 2021 - Inquiry into housing affordability and supply in Australia

Question reference number: IQ21-000119

Senator: Terry Young

Type of Question: Spoken. **Hansard Page/s:**

Date set by the Committee for the return of answer: 06 October 2021

Question:

Mr YOUNG: I just wanted to know if I was going down the right track here. I liked the comment before about the Commonwealth and the state in your response. One of the things that you spoke about in your response was the responsibility of the Commonwealth, of course, being around rent assistance and things like that, which we all acknowledge. But, at the end of the day, there is a responsibility of the states. We can't federally, constitutionally, build a home. We can't start up a D9 and start clearing land or pour concrete. It's entirely up to the states what they do there. Have you got any data on each state as to what their level of social housing or publicly owned housing has gone from in the last 10 years? I'd be very interested to know if that's exacerbating the problem. I have been told on good authority—and I'd like to get the numbers confirmed—that in the last eight years the Queensland state government has sold 3,300 residential social houses, or accommodation in Queensland, which to me would be exacerbating the problem. So I would very, very much like to know in every state around the country—and you can take it on notice—in the last 10 years what the level of social housing has done. If you could provide that to us, that would be fantastic. Would you be able to get that to us?

Mr Flavel: Yes, we can provide that to you. I mentioned earlier that the report on government services, which is an annual report that the Productivity Commission does, looks at a range of government services not just in the social security area but across health, education and others. Within that, there is data produced on the number of social housing dwellings. The most recent figure we have is for 2020, which shows that Australia-wide there were about 427,000-odd social houses. For more details, the committee can go and look at that report. It's publicly available. Alternatively, we can find a way to get you a copy, and that will give you a sense of what's been happening. By way of reference, the equivalent figure back in 2016 was \$413,000. You can take from that that there actually has not been much growth in the overall social housing dwelling stock over the five years between 2016 and 2020.

Mr YOUNG: It seems counterintuitive to me that we would be providing the states with the bulk of the money to go build these homes and they determine where they're going to build them. They get to determine in what areas and what types of dwelling. But for us to give

them the money and for them to then sell them off and put it in their coffers is only exacerbating the problem, and I'd like to get to the bottom of that. Can we get that information, Chair, for maybe the 10 years previous?

CHAIR: We can ask the witnesses to take that question notice.

Answer:

Publicly available data is available in the Productivity Commission's Report on Government Services 2021 under ['Housing'](#) (Part G, Section 18).

Data on the number and type of social housing dwellings over time by state is available in that section under Data Table item 18A.3, and data on public housing stock transfers at Data Table item 18A.2.

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Department of Social Services

Topic: Hearing on Tuesday 14 September 2021 - Inquiry into housing affordability and supply in Australia

Question reference number: IQ21-000120

Senator: Jason Falinski

Type of Question: Spoken. **Hansard Page/s:** [Click or tap here to enter text.](#)

Date set by the Committee for the return of answer: 06 October 2021

Question:

CHAIR: Do you have any data in terms of how much on average—actually, the data I'm looking for is the differential in building costs between market housing and non-market housing such as social housing. Is it more, less or equally as expensive to build? If you want to take that question on notice, I'll be happy to put it on notice.

Mr Flavel: Sorry, I was just consulting with my colleagues. I think it's best if we take that on notice.

Answer:

Publicly available data on the value of residential building work disaggregated by private and public sector is available in the [Australian Bureau of Statistics' catalogue Building Activity - Table 40. Value of Building Work by Sector, Australia](#). Table 40 provides the financial value of building work by sector and by dwelling type.

This catalogue publishes the average cost of dwellings in the December quarter publication under the Data Cubes. Although this is not disaggregated by sector. According to this publication, in 2019-20, the average cost to build a new house was \$345,469.

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Department of Social Services

Topic: Hearing on Tuesday 14 September 2021 - Inquiry into housing affordability and supply in Australia

Question reference number: IQ21-000121

Senator: Jason Falinski

Type of Question: Spoken. **Hansard Page/s:**

Date set by the Committee for the return of answer: 06 October 2021

Question:

CHAIR: Yes, please. Can I ask you to take some other questions on notice. Do you have data on tenure overtime? Are people staying in social housing for longer or less time? What's happening to waiting lists? I think that's been asked a couple of times. I guess my other question is this: does your sense of social housing also include crisis housing? You may want to take that question on notice as well. And what is happening to the stock?

Mr Flavel: Sorry, Chair, we're just having a few problems. Was your question—I just wanted to get that bit about crisis housing.

CHAIR: It's about the stock of crisis housing and what's happened to crisis housing over time in terms of quantity available and demand. I guess my really big question in all of this—which I don't think you can answer, given the data you have in front of you, but I would be interested in your assessment of this hypothesis. Are we seeing a larger demand for public housing because of increases in real house prices—that is, the increase above CPI has therefore led people to the point of having to go into the public housing market—not that it's a market, sorry, but to seek public housing? I'm going to leave that as a question on notice. I'd be interested in your opinion.

Also, in terms of the difference between rental subsidies, which in one of the submissions I read is about \$5½ billion a year, and social housing, \$1.6 billion, do we put a heavier reliance on rental subsidies because we find that they help more people in more places?

Mr Flavel: I think they're just different mechanisms. There's a very long history, through the income support system, of what is now known as Commonwealth rent assistance, and its predecessors, being used to offset some portion of the private rents paid by individuals who are also on income support. That's different from the National Housing and Homelessness Agreement, which is really a broader agreement between the Commonwealth and the states about the Commonwealth providing a contribution that ultimately is targeted at particular groups and particular components of the social housing spectrum.

Answer:

Tenure length and waiting lists

State and territory governments (states) report tenure length and waiting lists for social housing to the Australian Institute of Health and Welfare (AIHW) for their annual data reporting.

Publicly available data on tenure length and waiting lists for social housing tenants is available in the 'Social Housing Households' data table in [AIHW's Housing Assistance in Australia](#):

- Tenure length is reported under HOUSEHOLDS.4, HOUSEHOLDS.5 and HOUSEHOLDS.6.
- Households on social housing waiting lists are available under HOUSEHOLDS.23 and HOUSEHOLDS.24.

Crisis accommodation

As agreed between AIHW and the states, the definition of social housing is rental housing that is funded or partly funded by government, and that is owned or managed by the government or a community organisation and let to eligible persons. This includes [public housing, state owned and managed Indigenous housing, community housing](#) and [Indigenous community housing](#); the data collection definitions specifically exclude the crisis accommodation programs. As such the department does not consider crisis housing to be social housing.

As defined by AIHW, [crisis accommodation](#) is a type of [short-term or emergency accommodation](#) provided by Specialist Homelessness Services.

It's important to note that each jurisdiction may define social housing and crisis accommodation differently.