AUSTRALIAN BUREAU OF STATISTICS SUBMISSION

To the Senate Community Affairs References Committee on the worsening rental crisis in Australia

July 2023

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INTRODUCTION

The Australian Bureau of Statistics (ABS) welcomes the opportunity to support the work of the Committee through this submission.

The ABS is Australia's national statistical agency. The ABS' purpose is to inform Australia's important decisions by delivering relevant, trusted, and objective data, statistics, and insights.

The ABS delivers a range of social and economic data that inform on rental affordability and housing supply that are relevant to the Terms of Reference. The submission covers key sources:

- Consumer and Producer Price Indexes
- Building and Construction Surveys
- Estimated resident population.
- Survey of Income and Housing
- Census of Population and Housing
- Integrated data assets

The ABS is also in ongoing discussions with stakeholders on the potential to create a Housing Data Asset which would integrate data across the range of sources (Census, surveys, and administrative) and across domains (land use, construction and supply, demand and household characteristics etc) to provide a more comprehensive and coherent evidence base.

For enquiries regarding this submission, please contact the Australian Bureau of Statistics Parliamentary team. Email: parliamentary@abs.gov.au.

DATA COLLECTION ACTIVITIES

Consumer Price Index

The Consumer Price Index (CPI) is a macroeconomic measure of household sector price inflation. Inflation is measured by the change in prices paid by consumers for a selected basket of goods and services for all households in capital cities. The data is published quarterly, and in the *Monthly Consumer Price Index Indicator*.

The CPI measures the prices being paid by households for the goods and services that they consume during a particular measurement period (e.g. month or quarter). It includes housing costs such as rents. For rents, the CPI measures the current 'price' being paid by all types of households that rent including new and existing tenants who are renting privately or from the government.

The Rents series in the CPI measures actual rents paid rather than advertised prices. Measures of rental inflation that are based on newly advertised rental properties only measure changes in the asking or advertised price of rental properties for new tenancies. At any given time, newly advertised tenancies represent a relatively small proportion of properties being rented in Australia. The Rents series used for the CPI measures actual rents paid rather than advertised prices.

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Advertised rents tend to reflect the dynamic end of the rental market where the price change for new tenancies can be more volatile than that being experienced by renters with existing tenancy agreements.

Price changes observed in advertised rents series are expected to eventually flow through to the CPI Rents series. However, as around just 2 to 3% of rental properties are leased to new tenants each means that it takes some time for changes in advertised rents to impact price change observed in the CPI Rents series.

The Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA) have recently published a joint paper called New Insights into the Rental Market. The paper draws out new insights into the Australian rental market. For more details see New insights into the rental market.

Building and Construction Surveys

The ABS produces information on the rates of residential and non-residential building activity and dwelling stock in Australia. Rates of residential building activity and dwelling stock in turn indirectly inform rental availability and affordability.

The monthly *Building Approvals* collection collects data relating to residential and non-residential building work above certain value limits that have been approved within the reference month. Data from this collection is an important leading economic indicator of future building activity.

The quarterly *Building Activity, Australia* publication presents estimates of value of building work and number of dwellings commenced, completed, under construction and in the pipeline. Preliminary estimates are also available for this release.

Estimated dwelling stock are based on adjusted counts from the 2021 Census, updated with quarterly estimates of dwelling additions and removals. The *Estimated Dwelling Stock* publication provided quarterly estimates of dwelling stock, additions and removals for the June 2016 quarter to the June 2022 quarter at the national, state and small area (SA2) geography levels.

The ABS has also produced a research paper on methodologies to measure the relationship between land-use regulation and housing supply. This was presented in May 2021 to the Housing and Homelessness Data Working Group (HHDWG) supporting the Data Improvement Plan for the NHHA. A summary of this research is available in Land and Housing Supply Indicators.

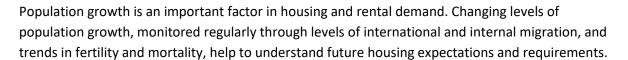## Estimated Resident Population

Estimated resident population (ERP) is the official estimate of the Australian population, which links people to a place of usual residence within Australia. ERP is published quarterly at the national and state and territory level, see *National, state and territory population*. Sub-state population estimates are produced annually for both total populations and populations by age and sex; see *Regional population*, and *Regional population by age and sex*.

Population growth is an important factor in housing and rental demand. Changing levels of population growth, monitored regularly through levels of international and internal migration, and trends in fertility and mortality, help to understand future housing expectations and requirements.

The ABS provides a range of demographic estimates and projections that can help inform on changing levels of housing and rental demand, for example small area population growth and mobility within Australia.

Survey of Income and Housing (SIH)

The SIH provides detailed estimates on rental costs and affordability, sources of income, amounts received, household net worth, household characteristics and personal characteristics collected from individual households. The principal objective of the survey is to facilitate the analysis and monitoring of the social and economic wellbeing of Australian residents in private dwellings.

The most recent available SIH provides data for the 2019-20 financial year. The collection of SIH data for the 2023-24 financial year is currently underway.

The data included in the SIH allows for complex and cross-sectional analysis to be completed over a wide range of household or personal characteristics. Measures of housing costs and affordability for renters can be closely analysed by levels of income, wealth, dwelling characteristics, location, and other social characteristics.

Every six years, most recently in 2019-20, additional housing information are collected about housing mobility and conditions. This includes information on dwelling characteristics, satisfaction of housing, and rental arrangements.

For more information on the data items available in the SIH please download the 'SIH 2019-20 Data item list'.

Census of Population and Housing

The Census of Population and Housing (Census) is the most comprehensive snapshot of the country. The Census is conducted every five years, most recently in August 2021.

Information collected in the Census about housing provides an indication of the number and types of homes around Australia, as well as information on renting and rent payments.

The strength of the Census to inform on rental affordability and supply is in the ability to provide information about Australian dwellings and the characteristics of households within those dwellings for small areas or small population groups, including:

- the rent and mortgage payments for dwellings occupied on Census Night
- the tenure under which dwellings were occupied on Census night, as well as the type of landlord for renters
- the structure of private dwellings, i.e., whether they were separate houses, semi-detached, flats or other dwelling types

- the number of bedrooms in the dwelling, which can be used to inform on housing utilisation and crowding.

The Australian Census Longitudinal Dataset (ACLD) combines a 5 per cent sample of Census data from the three most recent Censuses. It can provide insight into, for example, pathways that lead to changes in housing tenure and location between Census periods.

Care should be taken when comparing Census data with information from other ABS surveys, as definitions and methodology can differ between different statistical collections and may not match Census definitions.

Multi-Agency Data Integration Project (MADIP)

MADIP is a secure data asset combining information on health, education, government payments, income and taxation, employment, and population demographics (including the Census) over time.

MADIP is enabled through a partnership of agencies, including the: ABS, Australian Taxation Office, Department of Education, Department of Employment and Workplace Relations, Department of Health and Aged Care, Department of Social Services and Services Australia.

The broad range of data included in MADIP allows complex questions to be analysed, with new insights that may not be available from a single data source. The datasets are also longitudinal in nature, meaning they allow changes and patterns in the Australian population, economy and environment to be better understood and analysed over time.

For example, analysis could be undertaken of health, education, or income outcomes for renters by integrating Census data with ATO, Health and/or Education data. As an example, this type of analysis could provide insights into income distribution, education levels, or disability status for those Australians living rental accommodation.

More information on MADIP is available at [Multi-Agency Data Integration Project](.).

Other economic indicators

ABS also produces statistics on the broader economy that can be used to inform rental cost and availability by providing data on housing stock and the value of property transfers.

[Total Value of Dwellings](.) is a quarterly publication compiled using residential property sales data supplied to the ABS by CoreLogic. It contains estimates of the total value of Australia's dwelling stock, and the median price and number of residential property transfers.

[Lending indicators](.) presents statistics monthly on borrower-accepted commitments made for the purposes of housing, personal and business lending. This data includes information about whether a borrower is an owner-occupier or an investor.

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Within *Producer Price Indexes, Australia* house construction indexes are available for inputs, measuring changes in prices of products used in house construction, and outputs, measures the price received, by the producer from the purchaser, for owner occupier and investor house construction.