



National Shelter 2019 Budget Analysis

Introduction

National Shelter was pleased to have been re-invited to the budget lockup having been uninvited. We vigorously engaged the budget lockup officials and went to media with our story and were eventually reinstated as attendees. While much smaller than previous lockups it was well run.

We were however a bit lonely on the night as the only NGO peak body for housing and homelessness present. We have therefore taken the trouble to present a more comprehensive analysis of budget measures.

Overall, we were disappointed at the absence of any housing measures while the funding for a royal commission into violence, abuse, neglect and exploitation against people with disability is welcomed. There were a few measures for domestic and family violence prevention which were also welcome.

Underspending on NDIS is a massive negative in this budget we expect NDIS funding to flow to assist the many people who need it.

The big-ticket items in this budget were \$100b spent on infrastructure and \$150b on tax cuts. Some of the infrastructure spending on fast rail will help improve connections between affordable housing and opportunities and are welcome particularly the Melbourne -Gelong fast rail this is far too little too late for the many households on our urban fringe paying high transport cost to access jobs and other opportunities.

Tax Reform

The Treasurer announced additional tax relief to low- and middle-income taxpayers through an increase to the current low and middle income tax offset (LMITO). The maximum tax relief provided by LMITO will increase by \$550 to a new maximum of \$1,080. The base amount will increase to \$255. The LMITO will be received after individuals lodge their 2018-19 tax returns and will continue to be provided in addition to the low-income tax offset (LITO).

The LMITO will assist taxpayers with taxable incomes between \$48,000 and \$90,000 who receive the full \$1,080 reduction in tax for 2018-19. Families with two people earning between \$48,000 and \$90,000 will receive a total reduction in tax of \$2,160. Australians with taxable incomes less than \$37,000 will receive an offset of up to \$255.

Overall this increases the move towards a flatter tax structure. The outlying years of the budget from 2024/25 provide much more benefit to higher income earners than lower income earners.

According to the Parliamentary budget office, in the first full year of operation the third stage of cuts will cost \$18.7 billion in foregone revenue. By 2029-30, the annual cost of the cuts will reach \$30 billion.

Over the first six years of operation, the stage three cuts will cost the budget \$147.2 billion.¹

The greatest beneficiaries are people earning above \$200,000 per year. The Budget shows someone earning a \$50,000 taxable income will save \$1,205 in 2024-25, someone on \$80,000 will pay \$1,955 less income tax, a person on \$120,000 will save \$4,440, while all those on taxable incomes of \$200,000 and above will save \$11,640 a year in tax.²

For the households we advocate for the budget offers some \$5 per week which won't help much with rising and persistently high rents in our major capitals. Labor has effectively matched the tax cuts for low and middle-income earners providing a slight additional benefit of \$1.83 per week.

Our analysis

There is little benefit in the budget or the ALP's measures to help low income earners. Labor at least will not approve the long-term measures for high income earners and leaves itself room for further assistance at the lower end.

Infrastructure

The budget provided some welcome measures on infrastructure which will help connect some regions of Australia with fast rail and improvements to road. Transport infrastructure helps connect areas of better housing affordability with jobs and other opportunities. The budget committed \$100b in new spending to infrastructure which is overdue.

The major disappointment in Budget 2019 was the absence of any infrastructure spending on housing. National Shelter has been advocating for housing to be recognised as a form of infrastructure which has been gaining support from [economists](#), planners and others. We see affordable and social housing as essential infrastructure which supports people's social, economic and cultural participation.

- a new fast rail plan for Australia including a \$2 billion contribution to the Melbourne-Geelong fast rail project;
- a \$3 billion increase in the Urban Congestion Fund including \$500 million for a new Commuter Car Park Fund;
- an additional \$1 billion for the next phase of the Roads of Strategic Importance initiative; and
- \$15.6 billion for additional road and rail projects across the country.

¹ <https://www.smh.com.au/politics/federal/tax-cuts-will-cost-30-billion-a-year-and-may-drive-budget-back-to-deficit-research-finds-20190408-p51c0l.html>

² <https://www.abc.net.au/news/2019-04-05/tax-plans-compared-as-federal-election-looms/10973968>

Housing and Homelessness

Housing and homelessness spending was static in Budget 2019 with the Specific Purpose Payments on housing essentially as they were in previous years. The NHHA continues to be indexed at the low wage cost indexation 1 which means it will continue to erode as costs of provision continue to outstrip its level of indexed growth.

Table 2.7: Payments to support state affordable housing services

\$million	2018-19	2019-20	2020-21	2021-22	2022-23
National Housing and Homelessness Agreement	1,535.8	1,564.9	1,597.6	1,565.6	1,590.6
National Partnership payments					
National Regulatory System for Community Housing	0.8	0.3	-	-	-
Northern Territory remote Aboriginal investment					
Remote Australia strategies component	27.3	3.5	3.7	3.7	-
Remote Housing	268.5	110.0	110.0	110.0	110.0
Social Impact Investments					
Vulnerable priority groups	-	0.5	0.5	0.5	0.5
Youth at risk of homelessness	-	0.5	0.5	0.5	0.5
Total National Partnership payments	296.6	114.9	114.7	114.8	111.1
Total	1,832.4	1,679.8	1,712.3	1,680.3	1,701.7

The NHHA reduces payments in 20-21 to all jurisdictions. This relates to the cessation of payments for the Equal Remuneration Order. In 2018 a note to the budget showed the impact. (b) Funding includes \$40.2 million in 2018–19, \$48.3 million in 2019–20, \$56.7 million in 2020–21 for the Social, Community and Disability Services Industry Equal Remuneration Order 2012.³ We will return to this later.

National Housing and Homelessness Agreement

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	476.4	395.3	314.1	163.5	107.5	33.2	26.0	19.7	1,535.8
2019-20	484.2	406.0	319.8	165.9	108.7	33.7	26.7	20.0	1,564.9
2020-21	493.1	417.6	326.1	168.5	110.1	34.3	27.5	20.4	1,597.6
2021-22	493.5	406.1	319.5	161.6	106.5	32.8	26.2	19.3	1,565.6
2022-23	501.6	415.0	324.4	162.9	107.3	33.1	26.8	19.5	1,590.6

The Australian Government is supporting the review of the National Regulatory System for Community Housing to promote a nationally consistent approach to the regulation of community housing and to provide certainty for community housing providers and confidence to potential investors.

National Regulatory System for Community Housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	0.8	-	-	-	-	-	-	-	0.8
2019-20	0.3	-	-	-	-	-	-	-	0.3
2020-21	-	-	-	-	-	-	-	-	-
2021-22	-	-	-	-	-	-	-	-	-
2022-23	-	-	-	-	-	-	-	-	-

³ <https://www.budget.gov.au/2018-19/bp3/bp3.pdf>

Our analysis

The level of NHHA is completely inadequate and has been eroded over the past 20 years. The change from the Commonwealth State Housing Agreement to the NAHA, now NHHA removed any requirement for state matched funding moving to broader outcome measures. National Shelter has advocated for at least \$1b per annum in additional funds for the NHHA. This would provide a growth fund which could be made available to the states and encourage a range of reforms:

- Transparency
- Net new additional housing
- Increased levels of transfers to the community sector
- State contributions to at least match commonwealth money

The growth fund could be paid per capita to states and territories and reform the existing SPP into an operational subsidy on a per dwelling basis. The NHHA would also need to deal with the interaction between CHPs who receive new properties, an operational subsidy and how it treats commonwealth rent assistance to which CHP tenants are eligible but public housing tenants are not.

Indexation

Table A.4: Wage cost indices

per cent	2018-19	2019-20	2020-21	2021-22	2022-23
Wage cost index - 1	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Wage cost index - 6	1 1/2	1 1/2	2	2	1 3/4

Our Analysis

The indexation levels for the NHHS use the low wage cost index 1 which means the NHHA will be consigned to being a reducing payment over time.

Commonwealth Rent Assistance

CRA is anticipated to continue to rise but remains inadequate as a measure helping affordability for renters. National Shelter argued that the maximum rate of CRA (payable to those on the lowest incomes) should increase by at least 40% to maintain its historic value. It is not a replacement for a national strategy to increase the direct supply of social and affordable housing.

Cash projections for Rent Assistance^a

Cross-Program - Rent Assistance		
	2018-19 Estimated actual \$'000	2019-20 Budget \$'000
<i>DSS: A New Tax System (Family Assistance)(Administration) Act 1999</i>		
Family Tax Benefit	1,919,594	1,923,052
<i>DSS: Social Security (Administration) Act 1999</i>		
Age Pension	862,010	937,764
Austudy	38,995	39,748
Bereavement Allowance	102	88
Carer Payment	121,194	133,772
Disability Support Pension	707,858	740,085
Newstart Allowance/Jobseeker Payment	528,452	551,552
Parenting Payment (Partnered)	949	987
Parenting Payment (Single)	30,989	31,900
Partner Allowance	14	9
Sickness Allowance	7,464	5,788
Special Benefit	9,849	15,980
Widow Allowance	7,444	5,385
Widow Pension B	7	4
Wife Pension (Age)	772	537
Wife Pension (Disability Support Pension)	856	577
Youth Allowance	179,370	183,473
<i>DSS: ABSTUDY (Student Assistance Act 1973)</i>	17,973	18,722
<i>Department of Veterans' Affairs: Veterans' Entitlements Act 1986^b</i>	30,191	29,190
Total cash projections	4,464,083	4,618,613

First people's Remote Housing Agreement (NRHA)

The signing of deals with the NT, W.A. and S.A. are welcome elements in this budget but the failure to agree to any deal with Queensland furthers the political rift between Qld and the Commonwealth. That a state with such a high level of need can be neglected is appalling.

While we also welcome the ongoing agreement with the NT, there is a complete absence of resources allocated to any other jurisdiction in the forward estimates.

National Partnership on remote housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	-	-	-	121.0	37.5	-	-	110.0	268.5
2019-20	-	-	-	-	-	-	-	110.0	110.0
2020-21	-	-	-	-	-	-	-	110.0	110.0
2021-22	-	-	-	-	-	-	-	110.0	110.0
2022-23	-	-	-	-	-	-	-	110.0	110.0

National Partnership on Northern Territory Remote Aboriginal investment — remote Australia strategies component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	-	-	-	-	-	-	-	27.3	27.3
2019-20	-	-	-	-	-	-	-	3.5	3.5
2020-21	-	-	-	-	-	-	-	3.7	3.7
2021-22	-	-	-	-	-	-	-	3.7	3.7
2022-23	-	-	-	-	-	-	-	-	-

The remote Australia strategies component provides funding to improve public housing in remote communities by investing in housing works and removing asbestos from community buildings. This funding will also support a sustainable, professional and accredited Indigenous interpreter service.

This National Partnership supports the Northern Territory to improve schooling for Aboriginal children, to make communities safer and healthier, and increase access to interpreter services and job opportunities for Aboriginal Australians. Other components of this National Partnership are discussed in the Health, Education and Community Services sections of this Part.

This funding complements the funding provided under the National Partnership on remote housing.

Our analysis

National Shelter advocates for a new 10 year national agreement on remote housing which also needs to be complimented by an urban housing strategy. Both should be components of a future National Housing Strategy.

The failure to negotiate a new agreement when the government’s own review recommended it undermines the good work already done and threatens the jobs, housing and enterprise development that have been a hallmark of the NPARIH and NRHA.

Equal Remuneration Order (ERO)

National Partnership on pay equity for the social and community services sector

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	31.9	45.8	48.4	59.6	-	5.2	0.9	4.0	195.9
2019-20	-	-	-	33.3	-	-	-	-	33.3
2020-21	-	-	-	-	-	-	-	-	-
2021-22	-	-	-	-	-	-	-	-	-
2022-23	-	-	-	-	-	-	-	-	-

The Australian Government is funding its share of the wage increases arising from the Fair Work Commission's 2012 decision to grant an Equal Remuneration Order for the Social, and Community and Disability Services Sector. This includes funding for the Australian Government's share of the wage increases for in-scope programs funded through existing National SPPs and National Partnerships.

Commentary

The ERO cessation in 19-20 in most jurisdictions and in 20-21 in W.A. poses a threat to the viability of community services including community housing reliant on this. We identify this as an area for advocacy in future budgets.

Disability

The 2018-19 Budget estimated that the Government would spend \$16.69bn^[1] in the last year, however only \$12.9bn was actually spent.^[2] This means there has been a huge underspend on the NDIS of \$3.78bn.

The underspend of NDIS payments in this budget is a disgrace. There is a desperate need to lift the efficiency and effectiveness of plan approval and payments. Much of the budget gains were at the cost of people with disability whose plans and payments have yet to be approved.

The \$527million allocated to our Royal Commission into violence, abuse, neglect and exploitation against people with disability was a welcome measure which will help people to deal with their historic abuse and trauma.

We agree with People with Disability Australia that 'The Government has committed to increasing the staffing cap again in 2020-21, to hit a target they set of 750^[5], but people with disability come to us every day in despair because they can't access the NDIS, their funding packages have been cut or they aren't getting the supports they urgently need.

The cap must be removed altogether so we are not left in limbo, sometimes at risk of harm and even death.'

Domestic and Family Violence

There is some additional money for prevention strategies aimed at reducing domestic and family violence \$68.3m, money for the 1800RESPECT line \$64.0m, \$82.2m for frontline services \$78.4m to provide safe places and \$35.0m for support and prevention for Aboriginal and Torres Strait Islander communities, all of which are welcome however there is virtually nothing to build new safe homes for people for their long-term housing needs.

Conclusion

Budget 2019 was an opportunity to correct the neglect of low-income people which began with the disastrous 2014 Budget. Over the past 6 years Australia has been confronted with budget messaging that we are in 'crisis' that spending cuts were needed for 'budget repair' while tax cuts have been offered to businesses and high-income earners.

Budget 2019 could have included measures to increase the supply of affordable and social housing, increase CRA, build on the NHFIC measure and repair the damage done to housing peaks and services.

This is the last budget prior to an election and is obviously designed to garner support for a government behind in polls over 3 years. As a last chance saloon Budget 2019 is more like a pub with no beer for low and moderate income households.

The Abbott/Turnbull/Morrison governments have squandered any credibility they stick up for low income Australia, they continue to neglect those most in need while always finding money for the wealthy.