



Budget 2018/19

This is National Shelter's overall commentary and media response to the 2018/19 Federal Budget.

The budget was clearly a pre-election budget positioning the government to provide some income relief via tax cuts and continue spending on infrastructure in key areas. It also provided a range of initiatives to appeal to baby boomers and included some welcome measures on mental health. It's primarily focused on:

- Income tax relief over a very long-time frame outside the normal budget forward estimates
- Continued focus on rolling 10 year infrastructure plan
- Seniors and aged care were recognised as needing a bundle (14,000) of aged care packages

The tax cuts based on budget commentary appear to favour upper-middle income earners far more than low income earners¹. They also provide a considerable flattening of the tax base and could be described as anti-progressive in that lower income earners will pay more proportionally compared to higher income earners.

The infrastructure plan was predominantly about road building with some allocation to rail at about 70-30.

The aged care packages were welcome but won't go near meeting the 100,000 waiting list for such packages.

National Shelter Media Release budget night

Budget Housing Opportunity Lost

The big question in Budget 2018 is how the 2017 "Comprehensive package of measures" relating to housing became the forgotten and abandoned in Budget 2018.

The one unalloyed good housing element of the budget is the already announced commitment of \$550m over 5 years for remote housing in the NT. It also begs the question "Where is the money for remote housing in Qld, WA and SA?" The forward estimates contain no money for jurisdictions other than the NT.

'This budget shows a lack of long term commitment to affordable housing, one year's effort does not make a strategy or anything like a comprehensive package' said National Shelter CEO Adrian Pisarski.

'This was the government's chance to build on the good initiatives of 2017 by adding a capital component, looking at how to use Build to Rent, creating new incentives to get states and the

private sector to do more, instead there is very little to help people struggling to meet their housing costs.'

There was no boost to Commonwealth Rent Assistance to alleviate the crippling rent paid by the lowest income households, no new supply strategy, no tax reform to end the distortions and rebalance the market, nothing to help Gens X and onwards get into the market, it's very disappointing.' Mr Pisarski continued.

'The government had new and unforeseen revenue at its disposal but instead of using some to help the most needy households, has spent it on tax cuts targeting middle income households that will likely not be as much as their rent increase.'

There is a welcome boost to AHURI of \$5.5m over 3 years for research and \$4.6m over 4 years for ABS and \$.02m in 2018/19 for AIHW to improve data related to housing and homelessness.

CRA is estimated to grow from \$4.439b to \$4.529b but it's rate and indexation remain the same.

National Shelter has consistently called for the development of a National Housing Strategy to weave all the threads of tax reform, funding, incentives, planning and urban and regional development together. 'We remain hopeful but disappointed by Budget 2018.

Commentary

The budget was almost entirely about positioning for the next federal election and structured around tax cuts to low and middle income earners, infrastructure spending, appeals to voting blocks (older Australians with increases to age care packages and reverse mortgage access, middle income swing voters via tax cuts) with some sweeteners for particular sections of the community around mental health spending and NDIS.

The tax cuts flatten the tax scale moving away from the idea of tax progression, where higher income earners pay more than lower ones, this ultimately lifts the tax burden away from high income earners and puts it on lower income earners because they are paying more relative to previous tax regimes. They still pay GST and other user pays charges.

The aged care packages could also contain time bombs by introducing, or being open to co-payments and the reverse mortgage measures may rob older people of access to the equity in their home if and when they need it for purchasing nursing home places.

Housing Commentary

National Shelter has recently released a new set of policy priorities which call on governments to consider housing as infrastructure and affordable housing as essential infrastructure. This would complement the budget measures of 2017 which created the National Housing Finance Investment Corporation, the Infrastructure fund, bond aggregator all of which are due to commence on July 1 2018. This budget failed to build on those welcome measures to boost our supply of social and affordable housing. As a consequence we are likely to see continued rises in homelessness, housing stress, especially among renters. The budget failed to provide any measure to make home purchase easier for young people and ignored the inter generational inequity of our current settings.

The budget low failed on tax reform of housing allowing the speculation of the past 20 years to continue.

A tax cut of \$10 per week will be consumed by any modest rent rise.
As a result rental stress and homelessness are both likely to increase as a result of this budget.

The NHA payments remain the same with no increase and still inadequately indexed to provide for any growth. The exception is the commitment of \$550m to the NT for remote housing which is welcome but the forward estimates provide nothing for other jurisdictions with remote housing (Qld, WA, SA) despite Minister Scullion's statement that they are 'in negotiation' with other states. We urge other state governments to offer matched funding to pressure the commonwealth to match funding next year or find new money in the lead up to an election.

Table 2.8: Payments to support State affordable housing services

For states this looks like this.

National Housing and Homelessness Agreement^{(a)(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2017-18	-	-	-	-	-	-	-	-	-
2018-19	476.8	395.5	313.6	164.2	107.4	32.9	25.8	19.7	1,535.8
2019-20	484.7	405.7	319.2	166.9	108.7	33.3	26.4	20.0	1,564.9
2020-21	493.3	416.6	325.2	169.9	110.2	33.7	27.0	20.3	1,596.0
2021-22	493.3	404.2	318.2	163.2	106.6	32.1	25.6	19.2	1,562.5

The Partnership on remote housing has only made provision for the NT.

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2017-18	-	-	186.2	178.7	17.3	-	-	144.5	526.6
2018-19	-	-	-	-	-	-	-	110.0	110.0
2019-20	-	-	-	-	-	-	-	110.0	110.0
2020-21	-	-	-	-	-	-	-	110.0	110.0
2021-22	-	-	-	-	-	-	-	110.0	110.0
First Home Owners Boost					0.1				
Homelessness					117.2				
National Regulatory System for Community Housing					0.6	0.5			
Northern Territory remote Aboriginal investment									
Remote Australia strategies component					50.9	3.5	3.5	3.7	3.7
Remote Housing					526.6	110.0	110.0	110.0	110.0
Social Impact Investments									
Youth at risk of homelessness							0.5	0.5	0.5
Vulnerable priority groups							0.5	0.5	0.5
Total					2,055.5	1,649.9	1,679.5	1,710.8	1,677.3

National Partnership on Remote Housing

There is also funding for the NT to remove asbestos and funding will also support a sustainable, professional and

(a) Funding includes \$121.1 million in 2018–19, \$125.0 million in 2019–20, \$129.1 million in 2020–21 and \$121.8 million in 2021–22 for homelessness.

(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.

accredited Aboriginal interpreter service.

Other funding in the budget for housing is very modest including;

National Partnerships on Social Impact Investments

Youth at risk of homelessness^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	~	~	~	~	~	~	~	~	0.5
2020-21	~	~	~	~	~	~	~	~	0.5
2021-22	-	-	-	-	-	-	-	-	0.5

(d) State allocations from 2019–20 have not yet been determined.

Vulnerable priority groups^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	~	~	~	~	~	~	~	~	0.5
2020-21	~	~	~	~	~	~	~	~	0.5
2021-22	-	-	-	-	-	-	-	-	0.5

(e) State allocations from 2019–20 have not yet been determined.

NHFIC Funding for the NHFIC can be found in new Capital Appropriations.

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Administered Assets and Liabilities - Bill 2	60,000	359,850	165,000	165,000	165,000
Total new capital appropriations	60,000	359,850	165,000	165,000	165,000
<i>Provided for:</i>					
James Hardie asbestos compensation fund - loan to NSW Government	60,000	44,850	-	-	-
Funding for the National Housing Finance and Investment Corporation	-	315,000	165,000	165,000	165,000
Total items	60,000	359,850	165,000	165,000	165,000

Establishment appropriations for the NHFIC are here

Table 2.1: Budgeted expenses for Outcome 1

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Program 1.1: Department of the Treasury					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
National Housing Finance and Investment Corporation					
- Operating funding	-	13,973	18,839	18,727	-
- Grants funding	-	35,000	35,000	35,000	35,000

There was no change to Commonwealth Rent Assistance except an anticipated increase in commonwealth estimated expenditure.

Commonwealth Rent Assistance
Cash projections for Rent Assistance^a

Cross-Program - Rent Assistance		
	2017-18	2018-19
	Estimated	Budget
	actual	
	\$0	\$0
<i>DSS: A New Tax System (Family Assistance)(Administration) Act 1999</i>		
Family Tax Benefit	1,948,074	1,969,542
<i>DSS: Social Security (Administration) Act 1999</i>		
Age Pension	801,792	839,858
Austudy	42,790	42,411
Bereavement Allowance	76	77
Carer Payment	113,273	120,878
Disability Support Pension	691,650	707,427
Newstart Allowance	544,739	549,598
Parenting Payment (Partnered)	1,032	863
Parenting Payment (Single)	31,518	32,223
Partner Allowance	32	21
Sickness Allowance	7,040	6,631
Special Benefit	8,052	13,259
Widow Allowance	10,181	8,077
Widow Pension B	7	7
Wife Pension (Age)	824	791
Wife Pension (Disability Support Pension)	903	873
Youth Allowance	189,041	189,367
<i>DSS: ABSTUDY (Student Assistance Act 1973)</i>		
	18,179	19,017
<i>Department of Veterans' Affairs: Veterans' Entitlements Act 1986^b</i>		
	30,246	28,832
Total cash projections	4,439,449	4,529,752

- ^a Rent Assistance is not a discrete sum of money separately payable under the law, but is a supplementary payment included in the calculation of the primary income support payment, Family Tax Benefit or service pension. This table provides cash projections for the Rent Assistance component included in the primary income support payment, Family Tax Benefit or service pension.
- ^b Rent Assistance is paid to eligible service pension and income support supplement recipients.

The above table shows the estimated expenditure against different payment types.

Other Budget Measures

Related measures of interest to the housing community.

- Improvements to ABSTUDY \$38.m over 5 years
- 46.7m for DV Response Training in 2018/19
- The Commonwealth will be able to make compulsory deductions from welfare defaulters and be able to suspend or cancel welfare payments to individuals with outstanding warrants. For criminal offences
- Deferred qualification for social security payments to newly arrived migrants from 3-4 years. This is probably the worst aspect of this budget.

There are then a range of measures which will help but are moderate measures over the forward estimates.

- \$11.5m over 2 years for 1800RESPECT to reduce domestic and family violence
- \$113m over 5 years for new integrated career support services
- \$92.1m over 4 years for NDIS continuity of support
- \$64.3m over 4 years for NDIS Jobs and Market fund
- \$9.9m over 2 years for New Disability Employment Services transition assistance
- \$6.7m over 4 years for Social Impact Investing, building outcome measurement capacity
- \$1.6m over 3 years for Social Impact Investing trial
- \$37.6m over 4 years to improve follow up care post suicide attempt, 10.5 to Beyond Blue and 27.1 for Primary Health Networks
- \$4.7m over 2 years for Head to Health for info services
- 12.4m over 4 years to strengthen the National Mental Health Commission
- \$1.2m next year for SANE suicide prevention

What the budget could have done but didn't.

1. Consider Affordable Housing as part of the national infrastructure program
2. Tax reform around negative gearing and capital gains tax
3. Increase investment in social and affordable housing
4. Provide an incentive for private sector investment in residential affordable housing
5. Increase CRA

ⁱ <https://www.smh.com.au/politics/federal/welcome-to-the-weirdest-collection-of-tax-cuts-on-record-20180509-p4ze67.html>