



# National Shelter 2022-23 Federal Budget Analysis

## Overview

The 2022/23 Federal Budget was delivered much earlier this year to lay the foundations for the government in the lead up to the 2022 federal election. The budget continues a range of housing measures from the previous budget and provides some additional funding into housing – primarily through supporting home ownership.

## Budget forecasts<sup>1</sup>

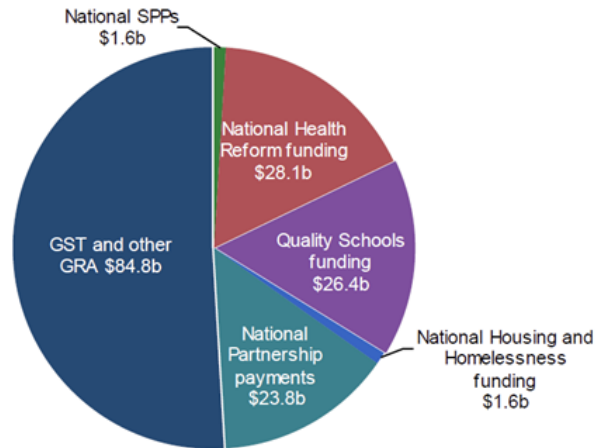
- Real GDP is expected to grow by 4¼ % in 2021-22, 3½ % in 2022-23 and 2½ % in 2023-24.
- The unemployment rate reached 4.0 % and the participation rate reached a record high of 66.4 % in February 2022. The unemployment rate is expected to reach 3¾ % in the September quarter of 2022, nearly 3 percentage points below the Budget forecast from 2 years ago and the lowest level in close to 50 years.
- Wages are expected to accelerate to its fastest pace in almost a decade with growth in the Wage Price Index forecast to increase from 2¾ % in 2021-22 to 3¼ % in 2022-23.
- Headline inflation in Australia picked up in 2021 to be 3.5 % to the December quarter. Australia's inflation is expected to moderate from 4¼ % in 2021-22 to 3 % in 2022-23 and 2¾ % in 2023-24.
- The underlying cash deficit in 2022-23 is expected to be \$78.0 billion (3.4 % of GDP), a \$20.9 billion improvement from MYEFO. The deficit is expected to halve as a share of the economy over the forward estimates to \$43.1 billion (1.6 % of GDP) in 2025-26 and continue to decline to 0.7 % of GDP by 2032-33.
- The reopening of international borders is expected to generate a return to positive net overseas migration and higher population growth, which will support higher consumption growth.

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<sup>1</sup> These figures are taken from Budget Strategy and Outlook, Budget Paper No. 1, 2022-23 (see [https://budget.gov.au/2022-23/content/bp1/download/bp1\\_2022-23.pdf](https://budget.gov.au/2022-23/content/bp1/download/bp1_2022-23.pdf))

## Government payments to the state and territories

Housing and homelessness funding remains smallest payment to the states and territories at \$1.6billion (through the National Housing and Homelessness Agreement (NHHA))<sup>2</sup>. While funding in other categories for to the states and territories has increased since the last federal budget<sup>3</sup>, the payment for housing and homelessness remains consistent.



## Tax Cuts and payments

The budget has provided a cost-of-living tax cut and payments to address pressures on the cost of living. These temporary measures include:

- A one-off cost of living tax-free payment of \$250 payment in April 2022 for eligible pensioners, welfare recipients, veterans, and concession card holders.
- The low- and middle-income tax offset (LMITO) will be increased by a 'cost of living tax offset' of \$420 for the 2021/22 income year. All LMITO recipients will benefit from the full \$420 increase. Taxpayers with taxable income:
  - up to \$37,000 will have their tax reduced by up to \$675
  - more than \$37,000 will see offset increase by 7.5c per dollar (maximum \$1,500 for incomes \$48,000 - \$90,000)
  - over \$90,000 the offset will reduce by 3 cents per dollar in excess, phasing out at a \$420 tax reduction at \$126,000<sup>4</sup>.
- The LMITO, which is due to be removed at the end of the 2021/22 income year, has not been extended. The Low-Income Tax Offset (LITO) is unchanged for 2022-23 (maximum \$700).
- Petrol and diesel excise and excise equivalent customs duty has been halved for six months (until October 2022) in response to rapidly rising fuel prices. This is anticipated to translate into a household saving of between \$9.72 to \$19.45 per tank of fuel<sup>5</sup>.

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<sup>2</sup> Source: Federal Financial Relations, Budget Paper 3 2022-23, [https://budget.gov.au/2022-23/content/bp3/download/bp3\\_08\\_part\\_2\\_affordable.pdf](https://budget.gov.au/2022-23/content/bp3/download/bp3_08_part_2_affordable.pdf)

<sup>3</sup> See National Shelter Budget Analysis 2021-22, <https://shelter.org.au/site/wp-content/uploads/National-Shelter-Budget-Analysis-21-22.pdf>

<sup>4</sup> See [https://www.ey.com/en\\_au/tax/2022-federal-budget-tax-alert](https://www.ey.com/en_au/tax/2022-federal-budget-tax-alert)

<sup>5</sup> See [https://www.ey.com/en\\_au/tax/2022-federal-budget-tax-alert](https://www.ey.com/en_au/tax/2022-federal-budget-tax-alert)

## Housing and homelessness

In 2022-23, a total of \$2.0billion will be provided to support affordable housing services. This consists of \$1.6billion through the NHHA, and a further \$313.7million through other National Partnership payments<sup>6</sup>.

The forward estimates have the amount for the NHHA continuing at \$1.6billion. However, the NHHA expires 2022/23 and is currently under review by the Productivity Commission.

**Table 2.7: Payments to support state affordable housing services**

\$million	2021-22	2022-23	2023-24	2024-25	2025-26
<b>National Housing and Homelessness Agreement</b>	1,616.2	1,644.5	1,604.9	1,630.6	1,655.1
<b>National Partnership payments</b>					
HomeBuilder	1,777.8	85.1	-	-	-
Northern Territory Remote Aboriginal Investment					
Remote Australia strategies component	3.7	3.8	3.8	-	-
Remote housing	185.0	223.8	-	-	-
Social Impact Investments					
Vulnerable priority groups	1.1	0.5	0.5	0.5	0.5
Youth at risk of homelessness	1.1	0.5	0.5	0.5	0.5
Total National Partnership payments	1,968.7	313.7	4.9	1.1	1.1
<b>Total</b>	<b>3,584.8</b>	<b>1,958.2</b>	<b>1,609.8</b>	<b>1,631.7</b>	<b>1,656.1</b>

### National Housing and Homelessness Agreement<sup>(a)</sup>

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2021-22	495.0	415.9	334.4	174.5	113.0	35.1	27.6	20.7	1,616.2
2022-23	501.8	423.0	341.8	178.1	115.0	35.7	28.0	21.1	1,644.5
2023-24	499.3	407.9	334.4	171.5	111.4	34.1	26.4	19.9	1,604.9
2024-25	506.3	416.3	339.8	174.2	112.6	34.5	26.8	20.1	1,630.6
2025-26	512.9	424.5	344.8	176.7	113.8	34.8	27.2	20.4	1,655.1
<b>Total</b>	<b>2,515.3</b>	<b>2,087.7</b>	<b>1,695.2</b>	<b>875.0</b>	<b>565.8</b>	<b>174.2</b>	<b>136.0</b>	<b>102.2</b>	<b>8,151.3</b>

(a) Bilateral agreements under the NHHA expire at the end of 2022-23, beyond which funding is subject to negotiation.

The largest surprise from the budget papers is the amount of funding provided to HomeBuilder in the 2021-22 financial year. The total cost for HomeBuilder during 2021-22 is \$1.77billion nationally<sup>7</sup>. This exceeds the NHHA payment of \$1.6billion nationally.

<sup>6</sup> Source: Federal Financial Relations, Budget Paper 3 2022-23, [https://budget.gov.au/2022-23/content/bp3/download/bp3\\_08\\_part\\_2\\_affordable.pdf](https://budget.gov.au/2022-23/content/bp3/download/bp3_08_part_2_affordable.pdf)

<sup>7</sup> *ibid*

HomeBuilder <sup>(a)</sup>									
\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2021-22	~	~	~	~	~	~	~	~	1,777.8
2022-23	~	~	~	~	~	~	~	~	85.1
2023-24	-	-	-	-	-	-	-	-	-
2024-25	-	-	-	-	-	-	-	-	-
2025-26	-	-	-	-	-	-	-	-	-
<b>Total</b>	~	~	~	~	~	~	~	~	<b>1,862.9</b>

(a) State allocations are not available as this is a demand-driven program.

HomeBuilder was announced in June 2020 to respond to impact of the pandemic on the residential construction sector. It encouraged eligibility households to build a new home or substantially renovate an existing home by a providing a grant of up to \$25,000 (depending on date of signing of the contract). There will be \$85million provided in the 2022-23 budget for HomeBuilder to meet commitments.

Funding for the Northern Territory Remote Aboriginal Investment continues at \$3.8million.

### Home Guarantee Scheme

The Home Guarantee Scheme will be expanded to 50,000 guarantees per year, at a cost of \$8.6million. This includes:

- 35,000 First Home Guarantees to support eligible first home buyers to purchase a new or existing dwelling with a deposit as low as 5%
- 10,000 new Regional Home Guarantees to support eligible home buyers, including non-first home buyers, to purchase or construct a new home in regional areas (subject to legislation)
- 5,000 guarantees to expand the Family Home Guarantee which targets single parent family households with children to buy their first home or re-enter the housing market with a deposit as little as 2%

### NHFIC

The liability cap for NHFIC has been lifted by \$2billion to \$5.5billion. It is expected to support approximately 8,000 – 10,000 more social and affordable dwellings, by enabling community housing providers to access lower cost loans to build new dwellings. While welcome, an increase to the liability cap to support up to an additional 10,000 dwellings will not address the need in the community for affordable housing.

### Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) provides almost \$5billion<sup>8</sup> to 1.4million rental households.

The estimated actual for CRA in 2021-22 is approximately \$300million lower than the budget amount for previous years<sup>9</sup>. The variations have occurred in recipients of Family Tax Benefit, JobSeeker Payment, Single Parenting Payment and Youth Allowance.

<sup>8</sup> See Portfolio Budget Statements 2022–23 Budget Related Paper No. 1.12 Social Services Portfolio, [https://www.dss.gov.au/sites/default/files/documents/03\\_2022/2022-23\\_social\\_services\\_pbs.pdf](https://www.dss.gov.au/sites/default/files/documents/03_2022/2022-23_social_services_pbs.pdf)

<sup>9</sup> See National Shelter Budget Analysis 2021-22, <https://shelter.org.au/site/wp-content/uploads/National-Shelter-Budget-Analysis-21-22.pdf>

The budget papers forecast that in 2022-23 there will be increases in the categories of recipients of Family Tax Benefit, aged pensioners, carers, people in receipt of the Disability Support Pension, or the Parenting Payment (Single).

### Cash projections for Rent Assistance (a)

Cross-Program – Rent Assistance		
	2021-22 Estimated actual \$'000	2022-23 Budget \$'000
<i>DSS: A New Tax System (Family Assistance) (Administration) Act 1999</i>		
Family Tax Benefit	1,875,620	1,926,353
<i>DSS: Social Security (Administration) Act 1999</i>		
Age Pension	1,001,378	1,051,984
Austudy	46,948	44,450
Carer Payment	151,631	162,996
Disability Support Pension	800,286	832,572
JobSeeker Payment	806,648	649,900
Parenting Payment (Partnered)	2,422	2,338
Parenting Payment (Single)	45,904	47,038
Special Benefit	10,192	8,954
Youth Allowance	193,073	186,772
<i>DSS: ABSTUDY (Student Assistance Act 1973)</i>		
	19,921	19,296
<i>Department of Veterans' Affairs: Veterans' Entitlements Act 1986 (b)</i>		
	30,597	27,618
<b>Total cash projections</b>	<b>4,984,620</b>	<b>4,960,271</b>

(a) Rent Assistance 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.

## Domestic and Family Violence

A number of initiatives have been extended to provide support to women and children who are experiencing family, domestic and sexual violence, including<sup>10</sup>:

- Extension of the Safe Places Emergency Accommodation program to fund the building, renovation or purchase of emergency accommodation, delivering approximately 720 new safe places (\$100million over five years)
- Extension of Escaping Violence Payment which provides a one-off payment up to \$5,000 to assist women leaving a violent relationship. The financial assistance is \$1,500 in cash and the remainder available for goods and services or direct payments (bonds, school fees etc) (\$240million over five years)
- Funding for improving home security arrangements for victim-survivors to stay safe in their own homes through security (\$54.6million over five years).

## Flood Assistance

Additional support of \$25million in 2021-22 will be provided for emergency relief, food relief and financial counselling in flood affected communities in New South Wales and Queensland.

<sup>10</sup> See Women's Budget Statement 2022-23, [https://budget.gov.au/2022-23/content/womens-statement/download/womens\\_budget\\_statement\\_2022-23.pdf](https://budget.gov.au/2022-23/content/womens-statement/download/womens_budget_statement_2022-23.pdf)

## Financial Counselling Sector

Funding of \$10.5million over four years from 2021-22 will be provided to support the financial counselling sector to delivery more frontline services for people in financial stress and hardship. This funding is to support the long-term viability of the sector including \$1.5million in seed funding to establish a new, not-for-profit body to manage industry funding, and \$9 million for a range of measures to improve data collection and capability, national coordination and innovation of service delivery in the financial counselling sector.

## Infrastructure

The budget saw an ‘unprecedented regional investment package’<sup>11</sup> with \$17.9billion committed to new and existing infrastructure projects nationally. The federal government’s rolling 10-year infrastructure investment pipeline will increase from \$110billion to over \$120billion – this includes investments in new and existing infrastructure projects<sup>12</sup>. Investments include inland rail, rail extensions and upgrade, freight, the water grid, as well as road upgrades. There is also a dedicated package for regional areas to ‘unlock new economic frontiers of production in agriculture low emissions manufacturing and renewable energy’<sup>13</sup>.

The only investment related to housing in the infrastructure component this budget is through the South East Queensland (SEQ) City Deal with a \$680.6million investment. There are two specified housing components in the SEQ City Deal. The first is in the Moreton Bay Regional Council with the establishment of a pilot Growth Area Compact for Caboolture West<sup>14</sup> to coordinate infrastructure to ‘support the delivery of affordable housing options in Caboolture West’. The other housing component is through the Toowoomba Railway Parklands Priority Development Area to ‘increase housing availability’.

There is no investment in social and affordable housing, despite the recent report by Infrastructure Australia on ‘Regional Strengths and Infrastructure Gaps’<sup>15</sup> that identified that housing availability diversity and affordability is the number one priority for the Regional Development Australia (RDA) committees. The lack of housing is affecting the ability of regions to attract and retain skilled workers, grow regional productivity and maintain liveability.

## Conclusion

As a platform for the federal election, the budget continues this government’s focus on housing responses that promote home ownership through the Home Guarantee Scheme. These schemes will assist those who were already looking to purchase. We remain concerned about the possibly inflationary pressures from these schemes, particularly in markets (such as regional markets) are already experiencing high demand. We remain concerned about the risk of these schemes to purchasers, particularly at a time when interest rates are expected to increase.

The focus by the federal government on home ownership is demonstrated through the significant investment in the HomeBuilder scheme, outspending its investment in housing and homelessness services through the NHHA.

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<sup>11</sup> <https://www.theguardian.com/australia-news/2022/mar/29/australia-federal-budget-2022-infrastructure-regional-regions-barnaby-joyce-hunter-fitzgibbon-lingiari-durack>

<sup>12</sup> <https://infrastructuremagazine.com.au/2022/03/28/federal-government-announces-17-9-billion-infrastructure-boost-in-federal-budget/>

<sup>13</sup> *Ibid*

<sup>14</sup> <https://www.infrastructure.gov.au/sites/default/files/documents/SEQ-City-Deal.pdf>

<sup>15</sup> <https://www.infrastructureaustralia.gov.au/publications/2022-regional-strengths-and-infrastructure-gaps>

Over a third of Australian households rent, with many households renting long term. A substantial proportion of long-term private renters have low income and have limited choice about their housing. Given the significant increases in the cost private rental nationally, CRA does not address affordability in the private rental market. It is a \$5billion expenditure that requires reform to be able to assist low-income households in rental stress.

With the increasing number of climate induced disasters, mostly recently flooding, this budget provided a minimal response to assist affected households. The increasing frequency and magnitude climate induced disasters requires a strategic and coordinated response to assist those households who may wish to move from locations that are at increasing risk, assist households who wish to remain to be better prepared, and ensure that resources are fully and expediently deployed during a time of crisis.

This financial year is a critical year for investment in social and affordable housing and homelessness services with the renegotiation of the NHHA. The current investment by the federal government through the NHHA has remained static, and in recent years funding for remote communities has declined or been withdrawn. The continued statements by the federal government that social housing is a responsibility for the states and territories is of considerable concern.

Overall, the federal budget lacks real investment or solutions that would make a meaningful difference to the lives of vulnerable households, and those on very low and low incomes who are in housing stress or at risk of homelessness. It has ignored the identified priorities of regional area where housing is a critical issue and sees the continuation of lack of strategy and lack of investment in social and affordable housing in Australia by the federal government at a time when it is greatly needed.