



National Shelter 2022-23 Federal Budget Analysis

Overview

The 2022/2023 October Federal Budget was handed down last Tuesday and includes significant housing reform to deliver more social and affordable housing.

It is only eight months since the previous pre-election budget where there were very few housing commitments for lower income households, with the focus being on home purchase schemes. This budget includes provisions for the government's housing election commitments and more.

The priorities for this budget are:

- Delivering responsible and targeted cost of living relief
- A stronger more resilient and more modern economy
- Paying for what's important

The framing of this budget is the global economic uncertainty because of the war in Ukraine, high inflation and energy costs, constrained supply, and frequent natural disasters, with a risk of a recession.

Budget outlook/forecasts¹

There have been considerable changes in the outlook in the October budget compared with the March 2022/23 budget. Key headlines include:

- The Australian economy will grow by only 1.5% in 2023/24. This is the slowest growth period outside of the pandemic year since the 1990s recession
- The budget deficit for 2022/23 has been revised from the March budget of \$77.9bn (3.4% of GDP) to \$36.9billion (1.5% of GDP)
- Unemployment is set to rise to 4.5%
- Wage growth at 3.75% by June 2023 and to remain there until June 2024
- Inflation is expected to peak at 7.75% at the end of 2022, and then slow to 5.75% by June 2023
- Skilled migration will increase to 195,000 a year (from 160,000)

¹ These figures are taken from Budget October 2022-23 Strategy and Outlook, Budget Paper No. 1 (see https://budget.gov.au/2022-23-october/content/bp1/download/bp1_2022-23.pdf)

Cost of living

Cost of living pressures will be considerable for lower income households in the near future.

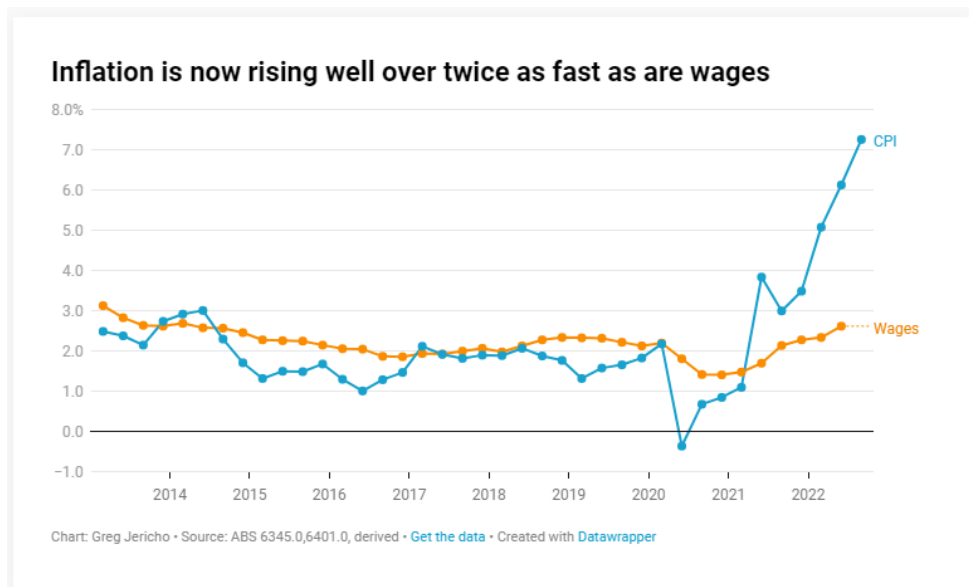
The budget estimates that electricity prices will rise by an average 20% in late 2022, and then increase a further 30% in 2023-24. Domestic gas prices are anticipated to increase by as much as 40% by the end of 2024.

Wages growth is expected to increase to 3.75% by June 2023. However, the budget estimates that inflation will peak at 7.75% by the end of 2023, and slow to 5.75% by June. The impact is that real wages are expected to fall. It is projected that by June next year real wages will be 5% below June 2019.

The day after the budget was handed down, the September quarter inflation figures were released showing the annual rise in the Consumer Price Index of 7.3%. This is the fastest since June 1990 and indicates that interest rates are still likely to increase.

This is considered to be 'historic smashing of living standards. It also highlights the savage impact of the removal of the low-middle income tax offset.'²

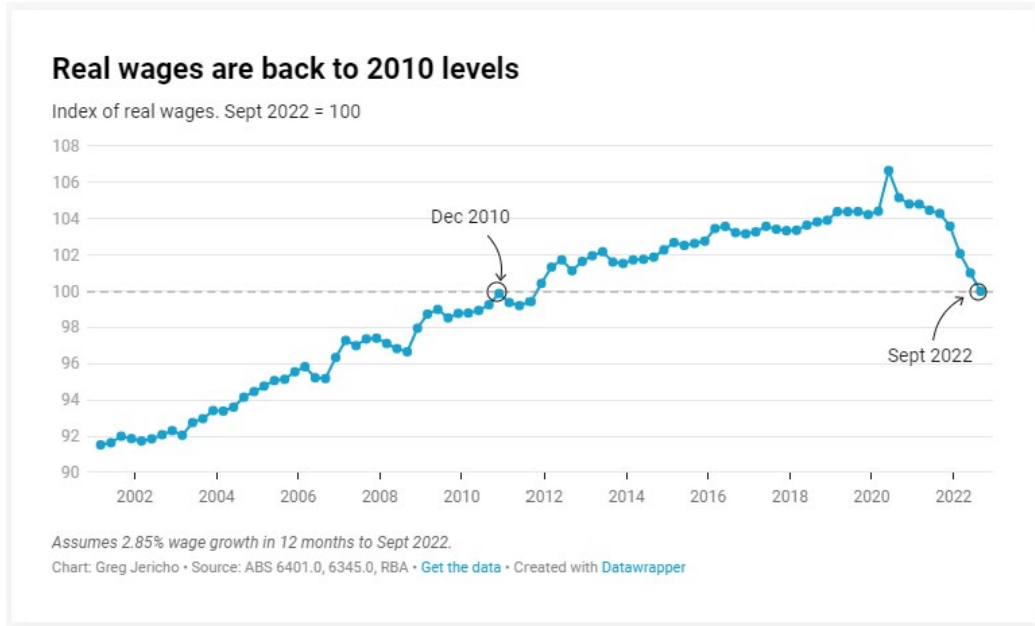
CPI is rising faster than wages meaning wages are going backwards in real terms³.



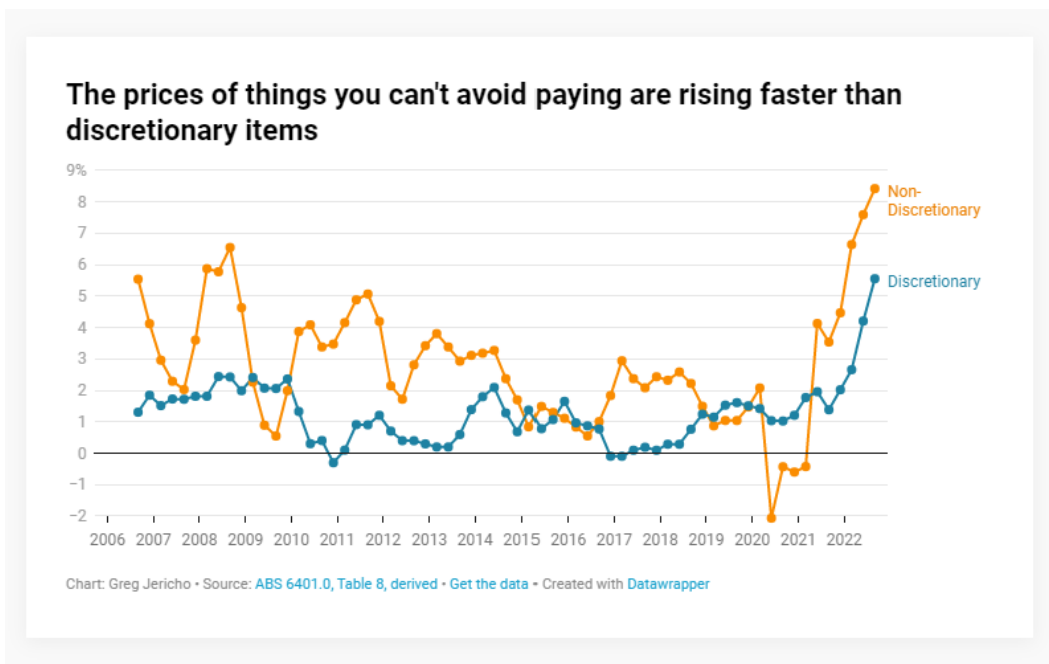
² Source: <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

³ Source: <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

Real wages are back to 2010 levels⁴.



The inflation spike is occurring in non-discretionary items (such as energy bills, food, transport) rather than discretionary items that can be left off purchasing for another time⁵.



Tax offsets, tax cuts and payments

While growth in inflation and the decline of real wages is occurring, there are no one-off cost of living tax cuts or payment to address pressures on the cost of living in this budget.

⁴ Source: <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

⁵ Source: <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

The Low- and Middle-Income Tax Offset (LMITO) has ended and is now replaced by the Low-Income Tax Offset (LITO) for those earning up to \$66,667 remains in place for the 2023 financial year and beyond.

The government has not made any changes to the Stage Three Tax Cuts that were announced in 2018. From 1 July 2024 stage three removes the 37% marginal tax bracket completely and lowers the 32.5% marginal tax rate to 30%. Furthermore, the threshold for which the 45% marginal tax rate applies to will be increased from \$180,000 to \$200,000⁶.

The budget contains \$32.8billion in extra funding over four years for pensions and payments for indexation increases. Spending on social security payments in 2022/23 will be \$120.1billion.

The government will provide \$69.6million over four years from 2022 to increase the income threshold for the Commonwealth Seniors Health Card from \$61,284 to \$90,000 for singles, and from \$98,054 to \$144,000 (combined) for couples⁷.

The government will deliver one-off funding supplementation to support select Community Sector Organisations over four years to help meet the higher costs of delivering services. A total of \$560million over four years will be allocated to a pool which organisations will apply for. The ministers for social services, housing, Indigenous affairs and health able to award increases on merit. This scheme is to assist community services keep up with rising costs.

Budget housing announcements and election commitments⁸

Housing Accord

The housing centrepiece of the budget was the announcement of the [Housing Accord](#). The Accord is an agreement between the Commonwealth, state/territory governments, local government, as well as institutional investors and the construction sector to focus on the supply and affordability of housing. The Accord has an aspirational target to deliver 1million new, well-located homes over five years from 2024. The Accord also identifies immediate actions and areas of for further work for all parties to create pipeline of housing supply.

The Accord provides the detail on action for each signatory.

Some immediate actions include:

- Commonwealth to support an additional 10,000 affordable dwellings⁹ over five years from 2024 through an availability payment model
- Commonwealth to provide financing options through the Housing Australia Future Fund to facilitate superannuation and institutional capital investment in social and affordable housing
- States to provide in-kind or financial contributions to support an additional 10,000 affordable homes to bring the total to 20,000 affordable homes
- Commonwealth to identify suitable Commonwealth land to contribute to social and affordable housing
- States to expedite zoning, planning and land release for social and affordable housing
- States to work with local governments to deliver planning reforms and free up landholdings
- Institutional investors to leverage investment that delivers for their members' interests and for the national interest and commit to increase investment in affordable housing

⁶ See <https://www.theguardian.com/australia-news/2022/oct/09/the-stage-three-tax-cuts-what-are-they-how-do-they-work-and-why-do-they-exist>

⁷ Source: https://www.dss.gov.au/sites/default/files/documents/10_2022/october_2022-23_social_services_portfolio.pdf

⁸ See https://budget.gov.au/2022-23-october/content/factsheets/download/factsheet_housing.pdf for a summary

⁹ The Accord defines affordable housing as rental housing that is provided at below market rent to qualifying tenants (usually between 70 and 80 per cent of market rent). Where states include home ownership in their affordable housing policies and/or programs, this will be included in the definition of affordable housing alongside rental housing, where those policies are consistent with the objectives of the Accord to provide more long-term supply of affordable housing for those who need it.

- Construction sector peak bodies to support high energy efficiency rating construction, the training of more apprentices under an extended Australian Skills Guarantee and work to make housing more responsive to demand.

A further \$70million allocated will be allocated to NHFIC 2024/2025 and 2025/26 for the Housing Accord. NHFIC will be renamed to become Housing Australia. It will take on the primary responsibility to delivery the 30,000 social and affordable homes generated by the returns of the Housing Australia Future Fund.

Housing Australia Future Fund (HAFF)

The government will now invest the total \$10billion in the newly created Housing Australia Future Fund in one tranche. It was to previously be invested over three years. Bringing forward the total \$10billion is designed to generate returns more quickly to fund more housing earlier.

The HAFF will be managed by the Future Fund Management Agency, to generate returns to fund the delivery of 30,000 social and affordable homes over 5 years and allocate \$330 million for acute housing needs.

The returns on the HAFF in the first five years will fund the following election commitments:

- \$200 million for the repair, maintenance, and improvements of housing in remote Indigenous communities
- \$100 million for crisis and transitional housing options for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness
- \$30 million to build more housing and fund specialist services for veterans who are experiencing homelessness or are at-risk of homelessness.

Housing Australia

The government has allocated \$0.5 million over 4 years from 2022–23 (and \$0.1 million per year ongoing) to establish Housing Australia, by renaming and expanding the remit of the National Housing Finance and Investment Corporation to deliver the Australian Government’s social and affordable housing programs.

A further \$8.3 million over 4 years from 2022–23 is allocated to the Treasury and Housing Australia to administer the Housing Australia Future Fund.

National Housing and Homelessness Plan

Funding for \$13.4million over four years from 2022-23 (and \$4.2million ongoing) will be provided to develop a ten-year National Housing and Homelessness Plan in 2023.

The government has said that the plan will be developed in association with states and territories, industry bodies and not for profit organisations, to support the development of short-, medium- and long-term housing and homelessness policy.

National Housing and Homelessness Agreement (NHHA)

The NHHA will be extended for one year to 30 June 2024. This will allow for the development of a new agreement. The budget papers flag that this will be in consultation with the National Housing Supply and Affordability Council and states and territories.

National Housing Supply and Affordability Council

The government has allocated \$15.2 million over 4 years from 2022–23 (and \$4.4 million per year ongoing) to establish a National Housing Supply and Affordability Council to support the government to develop housing supply and affordability policy through research and advice.

Nominations are currently being sought via invitation for member of the Council, including National Shelter.

Regional First Home Buyers Guarantee

Assisted home ownership schemes continue, and now include the election commitment Regional First Home Buyers Guarantee. This scheme is design to support eligible citizens and permanent residents who have lived in a regional location for more than 12 months to purchase their first home in that location with a minimum 5% deposit. There are 10,000 places per year to 30 June 2026.

Funding from the Regional Home Guarantee component of the 2022–23 March Budget has been redirected to this scheme.

Help to Buy

The Help to Buy shared equity ownership scheme is a government election commitment to assist up to 10,000 households each financial year purchase a home. The government will provide an equity contribution to a maximum of 40% of the purchase price of a new home, and a maximum of 30% of the purchase price for an existing home.

A total of \$324.6million over four years has been allocated to establish the Help to Buy scheme.

Incentivising downsizing

The government will provide \$73.2million over four years from 2022 to incentivise older people to downsize their homes.

The downsizer contribution allows people to make a one-off post-tax contribution to their superannuation of up to \$300,000 per person from the proceeds of selling their home. Both members of a couple can contribute, and contributions do not count towards non-concessional contribution caps. It also reduces the minimum eligibility age from 60 to 55 years of age.

This measure is designed to provide greater flexibility to contribute to superannuation and aims to encourage older Australians to downsize sooner to a home that better suits their needs, thereby increasing the availability of suitable housing for Australian families.

Closing the Gap Housing Policy Partnership

The Government will provide \$9.2 million over 3 years from 2022–23 to establish the Closing the Gap Housing Policy Partnership. This will provide a coordinated approach across Government to deliver against the National Agreement on Closing the Gap housing targets¹⁰.

Restoring Funding for Homelands

This election commitment from the government will provide \$100.0 million over two years from 2022–23 for housing and essential infrastructure in Northern Territory homelands. This will be delivered through a new federal financial agreement with the Northern Territory Government.

¹⁰ These targets are:

- 9a: By 2031, increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88 per cent.
- 9b: By 2031, all Aboriginal and Torres Strait Islander households:
 - within discrete Aboriginal and Torres Strait Islander communities receive essential services that meet or exceed the relevant jurisdictional standard
 - in or near to a town receive essential services that meet or exceed the same standard as applies generally within the town (including if the household might be classified for other purposes as a part of a discrete settlement such as a “town camp” or “town based reserve”.)

Powering Australia Solar Banks

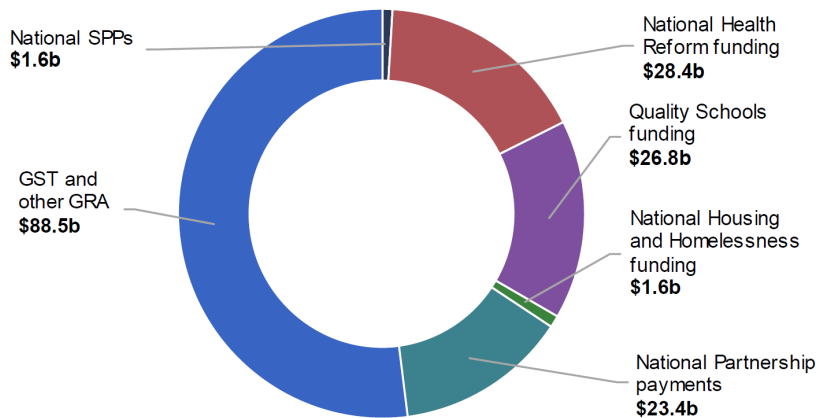
The government will establish a Community Solar Banks program for the deployment of community-scale solar and clean energy technologies. A total of \$102.2 million over 4 years from 2022–23 will be provided. Funding will improve access to clean energy technologies in regional communities, social housing, apartments, rental accommodation, and households that are traditionally unable to access rooftop solar.

Specific purpose payments for housing and homelessness

National Housing and Homelessness Agreement

Housing and homelessness funding remains smallest payment to the states and territories at \$1.6billion (through the National Housing and Homelessness Agreement (NHHA))¹¹ to support access to affordable safe and sustainable housing, which includes preventing and addressing homelessness.

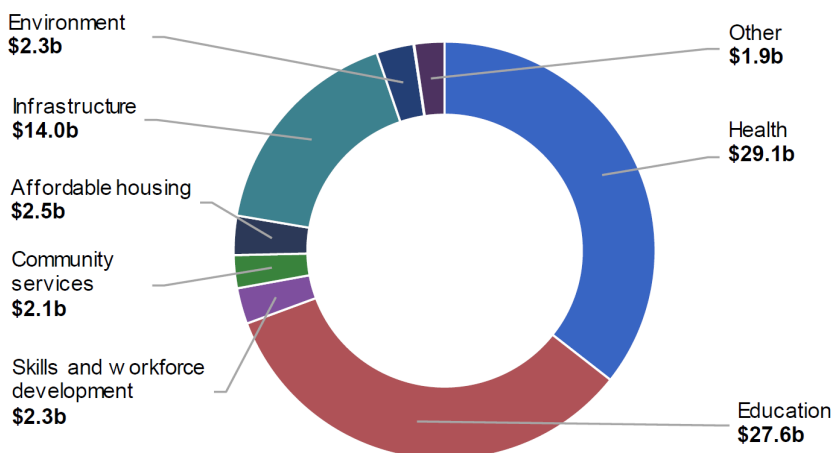
Total Australian government payments to the states, 2022/23



The total payments for specific purposes for affordable housing to the state/territories is \$2.5billion. This includes the \$1.6billion for the NHHA and a further \$831.8million National Partnership payments.

Other National Partnership Payments for housing

Payment for specific purposes 2022/23, by sector



¹¹ Source: Federal Financial Relations, Budget Paper 3 2022-23, https://budget.gov.au/2022-23-october/content/bp3/download/bp3_2022-23.pdf

The table below shows the payments that are made to the states/territories for affordable housing and the specific categories.

Table 2.7: Payments to support state affordable housing service

\$million	2022-23	2023-24	2024-25	2025-26
National Housing and Homelessness Agreement	1,646.1	1,630.3	1,661.2	1,689.5
National Partnership payments				
HomeBuilder	481.5	-	-	-
Housing and essential services on Northern Territory Homelands	25.0	75.0	-	-
Remote housing	323.7	-	-	-
Social Impact Investments				
People at risk of homelessness	1.6	0.5	0.5	0.5
Total National Partnership payments	831.8	75.5	0.5	0.5
Total	2,477.9	1,705.8	1,661.8	1,690.0

The additional National Partnership payments include:

- HomeBuilder¹² - \$481.5million for 2022/23 as the program wraps up
- Housing and essential services on the Northern Territory Homelands - \$100million over two years to commence work immediately on urgent housing and essential infrastructure on Northern Territory homelands. This will include improvements to water, power, and community facilities, as well as housing upgrades, extensions, and new builds
- Remote housing - \$323.7million to support the provision of housing for First Nations Australians in remote Northern Territory communities to help address overcrowding, homelessness, poor housing conditions and severe housing shortages. Funding for other states was provided in prior years
- Social Impact Investments - \$3.2million over four years to state governments to trial social impact investments which aim to help people at risk of homelessness.

The table below shows the payments made to the states/territories for the NHHA for the next four years. Payments are made through the bilateral agreements with the states/territories until 2022/23. The government has announced that the NHHA will be extended for an additional year.

National Housing and Homelessness Agreement^{(a)(b)(c)}									
\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2022-23	497.8	418.7	342.2	182.2	116.9	37.4	29.4	21.4	1,646.1
2023-24	502.2	409.2	339.9	178.4	115.2	36.4	28.3	20.6	1,630.3
2024-25	510.4	418.4	346.5	182.0	117.0	37.0	29.0	21.0	1,661.2
2025-26	517.9	426.9	352.5	185.2	118.5	37.6	29.6	21.3	1,689.5
Total	2,028.3	1,673.3	1,381.1	727.7	467.6	148.4	116.3	84.4	6,627.0

- a) Bilateral agreements under the NHHA expire at the end of 2022-23, beyond which funding is subject to negotiation. The Government is negotiating with the states on a one-year extension of the NHHA to 30 June 2024, to support the transition to a new housing agenda.
- b) Estimates include funding in response to the Fair Work Commission's 2012 Equal Remuneration Order for the Social, Community, Home Care and Disability Services sector. This funding (known as SACS funding) expires at the end of 2022-23.
- c) Estimates beyond 2022-23 are based on 2022-23 funding, excluding SACS funding, indexed by Wage Cost Index 1 (see Appendix A).

¹² This program was announced on 4 June 2020 to respond to the impact of the COVID-19 pandemic on the residential construction sector by encouraging eligible Australians to build a new home or substantially renovate an existing home. Applications for the program closed on 14 April 2021.

State/territory housing debt

There has been renewed focus this year on the outstanding loans to the Commonwealth by states/territories. This is historic debt from the Commonwealth State Housing Agreement (CSHA), and other housing related loans¹³.

In the lead up to, and following, the May 2022 election Senator David Pocock has been advocating for loan forgiveness for the ACT's historic housing debt to free up funds for the delivery of more social housing. There is precedence for the Commonwealth providing loan forgiveness. In 2019, Tasmania's \$150million housing debt was waived in exchange for Senator Lambie's support for income tax cuts.

The table below shows the outstanding loans by states/territories at 30 June 2022. There is just over \$703million. The repayments towards these loans in 2022/23 will be just over \$77million¹⁴.

Table D.1: Outstanding loans as at 30 June 2022, by state

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Agriculture									
Drought Concessional Loans Scheme	23,840	113,277	42,023	-	4,854	20,605	-	-	204,599
Drought Recovery Loans Scheme	14,324	27,962	11,226	-	4,685	3,054	-	-	61,251
Farm Finance Concessional Loans Scheme	1,376	700	104	1,716	-	-	-	220	4,117
Debt sinking fund	172	18	-	-	-	-	-	-	190
Environment									
Northern Territory — water and sewerage assistance	-	-	-	-	-	-	-	8,422	8,422
Housing									
Commonwealth-State Housing									
Agreement loans	314,842	-	94,199	87,442	21,330	-	-	17,515	535,328
Housing for service personnel	28,607	-	15,430	2,206	1,355	-	-	-	47,598
Other housing	-	-	-	-	-	-	89,950	30,643	120,593
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	47,858	-	-	-	-	-	-	-	47,858
Natural disaster relief	4,829	-	28,867	-	-	-	-	-	33,696
Other purposes									
Loan Council — housing nominations	289,342	-	103,544	176,344	126,709	-	-	102,296	798,235
Total	725,191	141,957	295,393	267,708	158,933	23,659	89,950	159,096	1,861,887

Table D.2: Summary of advances, repayments and interest, by year and state

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2022-23									
Repayments									
Agriculture									
Drought Concessional Loans Scheme	-27	-4,159	-2,688	-	-	-	-	-	-6,874
Drought Recovery Loans Scheme	-1,436	-3,423	-1,317	-	-482	-199	-	-	-6,857
Farm Finance Concessional Loans Scheme	-	-	-	-	-	-	-	-	-
Environment									
Northern Territory – water and sewerage assistance	-	-	-	-	-	-	-	-136	-136
Housing									
Commonwealth-State Housing									
Agreement loans	-36,182	-	-10,347	-9,738	-3,749	-	-	-1,127	-61,143
Housing for service personnel	-2,408	-	-1,283	-276	-114	-	-	-	-4,081
Other housing	-	-	-	-	-	-	-8,365	-3,920	-12,285
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-15,952	-	-	-	-	-	-	-	-15,952
Natural disaster relief	-4,264	-	-13,407	-	-	-	-	-	-17,671
Other purposes									
Loan Council – housing nominations	-12,202	-	-4,489	-7,783	-5,105	-	-	-4,062	-33,641
Total Repayments	-72,471	-7,582	-33,531	-17,797	-9,450	-199	-8,365	-9,245	-158,640

¹³

See

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2019/July/State_and_territory_housing_debts for more information on historic housing debts.

¹⁴ Source: https://budget.gov.au/2022-23-october/content/bp3/download/bp3_2022-23.pdf

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) provides just over \$5billion¹⁵. It is an increase since the March budget of \$137million. The variations have occurred in recipients of Family Tax Benefit, JobSeeker Payment, Single Parenting Payment and Youth Allowance. There have been no enhancements to the amount the Commonwealth Rent Assistance.

Cash projections for Rent Assistance (a)

Cross-Program – Rent Assistance		
	2021-22 Estimated actual \$'000	2022-23 Budget \$'000
DSS: A New Tax System (Family Assistance) (Administration) Act 1999		
Family Tax Benefit	1,812,895	1,942,511
DSS: Social Security (Administration) Act 1999		
Age Pension	994,267	1,079,417
Austudy	44,884	45,258
Carer Payment	148,899	167,885
Disability Support Pension	796,108	859,578
JobSeeker Payment	781,107	682,232
Parenting Payment (Partnered)	1,839	1,917
Parenting Payment (Single)	44,572	47,002
Special Benefit	9,863	9,802
Youth Allowance	181,320	205,218
DSS: ABSTUDY (Student Assistance Act 1973)	19,145	19,977
Department of Veterans' Affairs: Veterans' Entitlements Act 1986 (b)	30,493	36,821
Total cash projections	4,865,392	5,097,618

(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

Prior to the budget Commonwealth, state/territory ministers launched the [National Plan to End Violence Against Women and Children](#) (2022 to 2032) (the National Plan).

The National Plan recognises that housing is essential to ending gender-based violence in a generation. There is \$100 million for crisis and transitional housing options for women and children fleeing domestic and family violence through the Housing Australia Future Fund.

Funding for new initiatives to support the National Plan include¹⁶:

- \$39.6 million in 2022–23 to meet increased demand for the Escaping Violence Payment
- \$13.9 million over 5 years from 2022–23 for a new First Action Plan Priorities Fund to provide grants to address emerging priorities
- 169.4 million over 4 years from 2022–23 (and \$55.4 million per year ongoing) to provide an additional 500 frontline service and community workers across Australia to increase the support available for women and children experiencing family, domestic and sexual violence.

¹⁵ See Portfolio Budget Statements 2022–23 Budget Related Paper No. 1.14 Social Services Portfolio, https://www.dss.gov.au/sites/default/files/documents/10_2022/october_2022-23_social_services_portfolio.pdf

¹⁶ See https://budget.gov.au/2022-23-october/content/bp2/download/bp2_2022-23.pdf

Disaster relief

The one-off, non-means tested Australian Government Disaster Recovery Payment of \$1000 per eligible adult and \$400 per eligible child has also been made available to the most severely impacted LGAs.

There is \$3.0 billion in the contingency reserve to meet the disaster recovery costs from the flooding events this year.

To assist with future recovery efforts the Government is providing \$38.3 million to Disaster Relief Australia for more than 5,000 volunteers to help communities when disaster strikes.

Up to \$200million per year will be invested on prevention and resilience initiatives through the Disaster Ready Fund. The Fund will support projects such as flood levees, sea walls, cyclone shelters, evacuation centres and fire breaks.

The Government is also spending \$22.6 million over 4 years to help reduce the cost of insurance in disaster prone communities. This funding will be used to establish partnerships between government and the insurance sector.

Wellbeing Budget

In the lead up to the budget, there had been considerable discussion about this budget being 'wellbeing budget'. Prior to election, the government had been indicating while in opposition of a wellbeing budget to measure more than traditional economic indicators. The use of broader measurement that can measure quality of life and health and wellbeing, are said to assist society and government to better evaluate the impact of decisions today on future outcomes.

This budget is not considered to be wellbeing budget, but a '[step in the right direction](#)' to contribute to increased wellbeing. It is considered to be an 'upstream' approach to policy design that could improved wellbeing and reduce the need for public expenditure in a number of portfolio areas.

Budget Paper 1 (Statement 4) '[Measuring What Matters](#)' provides the 'foundations of a conversation about how to measure what matters' in the lead up the 'development of a stand-alone Measuring What Matters Statement in 2023'.

This paper provides an overview of wellbeing/progress frameworks including the OECD Well-being Indicators and those used overseas eg. New Zealand, Canada, Scotland, and Wales.

It includes a discussion on measuring housing affordability in the Australian context. It considers how the OECD indicator on housing affordability does not effectively assess affordability in Australia, particularly in terms of variation between income levels, quality of housing, and geographic differences.

Treasury is inviting submissions about how the government can 'measure what matters'. Submissions are due 31 January 2023. More information is available at <https://treasury.gov.au/consultation/measuring-what-matters-2022>.

Conclusion

The announcement in the budget of the Housing Accord is strongly welcome. It heralds a return to Commonwealth leadership in housing and bringing other levels of government and other key partners in the delivery of housing.

We welcome the commitment by state/territory governments to expedite zoning, planning and land release to deliver the joint commitment on social and affordable housing in well located areas. We would like to see inclusionary zoning as a specific planning outcome in the Accord.

Local government have been an absent partner by exclusion in the National Cabinet. However, the [Australian Local Government Association National General Assembly](#) earlier this year, housing is a critical issue for local government and many local governments are ready to step up and work to

provide solutions. We know that local government are critical partners in solutions to housing in local communities.

We welcome the commitment to deliver housing through the Housing Accord that is both accessible and energy efficient. This is essential to assist people remain in their housing as their need's changes, and to ensure that households are in housing that is healthy and does not require significant heating or cooling.

The combination of the Housing Accord and government election commitments aligns with many of the items on National Shelter's [policy platform](#) and our strategic alliances. The inclusion of institutional investors in the Housing Accord is an approach that National Shelter has supported through our involvement in [The Constellation Project – Housing Boost Aggregator](#) and the [National Affordable Housing Alliance](#). We have been working with a range of partners, including the Community Housing Industry Association, to unlock a stream of private sector investment to bridge the funding gap.

There is a lot of detail to unpack about the implementation of the Housing Accord and we look forward to working with the Commonwealth government and our sector partners on this.

Shelter would like to see the Commonwealth government use its leadership and renewed focus on housing to bring forward solutions that will assist people immediately who are experiencing housing stress and are at risk of homelessness.

As we said in our budget analysis in March this year prior to the election, over a third of Australian households rent, with many households renting long term. A substantial proportion of long-term private renters have low incomes and have limited choice about their housing. Given the significant increases in the cost private rental nationally, Commonwealth Rent Assistance 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.

Additionally, there is ample evidence of the dysfunction in the private rental market with households facing significant rental increases and very low vacancy rates. This results in households either having to move away from their community and support networks or make very difficult decisions about their spending on essential items. At a time when we are looking at a wellbeing budget, the decisions facing households right now have implications for the immediate the health and wellbeing of families, as well as implications for the long-term outcomes of their children. Combined with the identified cost of living pressures and the reduction in real wages, there are real concerns about how households will pay for essentials such as housing, food, utilities and other essentials.

This frames National Shelters budget submission to the May 2023 budget to focus on enhancements to Commonwealth Rent Assistance and join our community sector partners for increases in income support. These are elements that give low-income households greater agency and dignity in their spending on housing and other essential items. We would also like to see the further investigation, possibly through the National Housing and Homelessness Plan, of policy levers such as taxation. The next budget is only seven months away.

As well as its 2023 budget submission and a submission into the Measures that Matter, National Shelter is preparing its submission to the inquiry into the [extent and nature of poverty in Australia](#) which includes housing security. We welcome contributions from our members and sector to these submissions.