



## ***Sector briefing: Federal Budget 2014-15***

The Budget released by the Treasurer last night did not grant some of the wishes expressed in HA's submission on Budget priorities, eg by establishing a long-term Affordable Housing Growth Fund or abolishing housing-related tax concessions that benefit mainly higher income earners.

### **Welfare payments: tightening of eligibility and payment flatlining**

The biggest challenges for our sector from this Budget are likely to come from changes to welfare payments that reduce housing affordability, particularly for younger and older people. These changes are not discussed in detail in this briefing.

The new rule that people under 30 who are not 'earning or learning' may not receive income support (eg for the first six months of unemployment)<sup>1</sup> will not apply to disabled, homeless or otherwise very disadvantaged young people.<sup>2</sup> However, this change – and keeping unemployed people in their early 20s on Youth Allowance for longer – will increase homelessness risks for *other* young people (including by increasing financial pressure on their families if they have them).<sup>3</sup>

Similarly:

- lowering rates of indexation and increasing the eligibility age for the Age Pension will increase homelessness risks for older renters, and
- substituting a \$750 annual payment for the Family Tax Benefit B presently paid to low-income single parents of school-age children will increase homelessness risks for sole-parent families who do not receive child support.

### **The Commonwealth has not handed housing and homelessness to the states**

The Budget has not taken up a National Commission of Audit (NCOA) recommendation<sup>4</sup> that the Commonwealth vacate the field of housing and

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<sup>1</sup> There are legitimate concerns about youth unemployment, particularly where it has an intergenerational dimension, but Australia's rate is actually lower than that of many comparable countries (including Canada and the US). A graph on page 5 of the Department of Social Services' 'Budget Glossy' shows youth unemployment presently lower than it was in 1984 and 1990.

<sup>2</sup> Defined as 'stream 3' (relatively significant barriers to employment requiring intensive support) and 'stream 4' jobseekers (severe barriers to employment requiring integrated, intensive assistance) for Job Search Australia purposes.

<sup>3</sup> This proposal goes beyond a National Commission of Audit (NCOA) recommendation that job-seekers aged over 22 be required to relocate to areas of higher employment in order to remain eligible for Newstart Allowance.

<sup>4</sup> NCOA, *First Report*, recommendation 38. An analysis of the NCOA reports is available on HA's website.

homelessness prevention in favour of the states, limiting its involvement to provision of rent assistance only.

The Budget also does not take up the NCOA's recommendation that rent assistance be extended to public housing tenants (see further below), or propose changing rates or the method of indexation of rent assistance (which is pegged to CPI rather than market rents).

### **Round 5 NRAS discontinued without replacement affordable housing initiatives**

Allocation of incentives under the National Rental Affordability Scheme (NRAS) has been discontinued, with expected savings to 'be redirected... to repair the Budget and fund policy priorities'.<sup>5</sup> Provision is made to fund other allocated incentives across the forward estimates,<sup>6</sup> at a cost of \$65 million in 2014-15, rising to \$83.5 million in 2017-18.<sup>7</sup>

Any future affordable housing initiatives from the Commonwealth must await the outcome of a Department of Social Services (DSS) housing review.

### **Housing and homeless payments to the states and territories**

#### ***NAHA Specific Purpose Payment***

The Budget did not take up the NCOA recommendation<sup>8</sup> to redirect public housing funding that is presently provided to the states and territories under the National Affordable Housing Agreement (NAHA) into rent assistance payments that would allow public housing tenants to be charged market rents.

The Budget continues to appropriate funds (\$1.3 billion in 2014-15) for the NAHA Specific Purpose Payment (SPP) to the states and territories, including over the forward estimates.<sup>9</sup> Indexation of this funding has not improved.<sup>10</sup> Commonwealth funding under the NAHA includes about \$250 million for 'bedrock' specialist homelessness services.

#### ***National Partnership Agreement on Homelessness***

As foreshadowed in March, \$115 million has been allocated to the National Partnership Agreement on Homelessness (NPAH) in 2014-15 to continue innovative service delivery in our sector (with matching state and territory funding).<sup>11</sup>

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<sup>5</sup> *Budget Paper no 2*, p 205.

<sup>6</sup> ie, for the next three financial years.

<sup>7</sup> Table 2.4.2, *DSS Portfolio Budget Statements* p 134.

<sup>8</sup> Recommendation 38, cited above.

<sup>9</sup> *Budget Paper no 3*, pp 56-7.

<sup>10</sup> The NAHA sets increases at the lowest possible level, 'wage cost index 1', which produces an increase of about 1.8 per cent on 2013-14: *Budget Paper no 3* p 57 and Table A.7 in *Appendix A* to that paper.

<sup>11</sup> *Budget Paper no 3*, p 58.

No provision has been made to continue this funding in future years.

### ***Remote indigenous housing***

Provision is made to continue the two national partnerships in this area – the truly National Partnership on Remote Indigenous Housing (NPARIH) and the National Partnership on Stronger Futures in the Northern Territory (NPSFNT) – across the forward estimates.<sup>12</sup>

In 2014-15, NPARIH will be funded at levels lower than in 2013-14, and funding for NPSFNT will decline after 2014-15.

### **Homelessness Research**

As also foreshadowed in March, funding for the *Journeys Home* longitudinal study of people experiencing homelessness<sup>13</sup> is not being renewed after its one-year extension in 2013-14. Budget savings from ‘returning [this] uncommitted funding... to repair the Budget and fund policy priorities’ will be \$3.1 million.<sup>14</sup>

However, homelessness research remains eligible for funding under the Housing and Homelessness Service Improvement and Sector Support Programme of DSS’s streamlined grants program, for which more than \$5 million has been allocated in 2014-15.<sup>15</sup> Similar funding is made available across the forward estimates. ‘Broadbanding’ of DSS grants is discussed further below.

The Australian Housing and Urban Research Institute (AHURI) has advised this morning that the Minister for Social Services has granted it renewed three-year funding for its National Housing Research Program.

### **‘Broadbanding’ of DSS grants**

The Budget also does not take up NCOA recommendations:

- to discontinue Commonwealth funding for the Financial Management Program, including Emergency Relief. This funding will continue to be available through the Financial Wellbeing and Capability Programme of the ‘Families and Communities’ stream of a streamlined DSS grants program,
- to transfer funding for peak bodies such as Homelessness Australia to the states. Instead, HA is eligible to apply for renewed funding under the Families and Communities Service Improvement Programme of the same funding stream.

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<sup>12</sup> Budget Paper no 3, p 59.

<sup>13</sup> This project is presently conducting ‘Wave 6’ interviews.

<sup>14</sup> Budget Paper no 2, p 205.

<sup>15</sup> Table 2.4.1, DSS Portfolio Budget Statements p 132.

'Broadbanding' of DSS grants is forecast to save \$240 million over four years, commencing with \$51.9 million in savings in 2014-15. These savings are expected to be administrative ones resulting from 'more efficient and effective programmes which will reduce red tape for service providers and remove the duplication of funding and services'.<sup>16</sup>

The new DSS 'grants' website [www.dss.gov.au/grants](http://www.dss.gov.au/grants) contains detailed information about the streamlined program. Most providers are likely to be offered six-month extensions on funding that ends on June 30 before they need to reapply. DSS encourages providers who cannot find what they need on its [FAQ page](#) to attend a departmental [information session](#) in their area in late May or early June or to send questions to [grants@dss.gov.au](mailto:grants@dss.gov.au).

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<sup>16</sup> [Budget Paper no 2](#), p 197.