

## Australian Government 2023-2024 Pre-Budget Submission

27 January 2023  
Via Portal

Dear Treasurer,

Thank you for the opportunity to provide a 2023-24 Pre-Budget Submission. Homelessness NSW is a not-for-profit organisation that operates as a peak agency for its member organisations to end homelessness across NSW. We exist to build the capability of people and the capacity of systems to end homelessness. We have a vision for a future where there is enough quality and safe housing and support services to ensure no one is homeless in NSW. Our 190 members include specialist homelessness services, allied organisations and services working to end homelessness.

Homelessness is increasing in NSW. As of 2022 we have seen a 12% increase to the social housing waiting list in just one year. This increase is occurring at the same time as specialist homelessness services are supporting more than 27% of people than they are funded to and still over 50% of people can't access the support they need when they need it.<sup>1</sup>

We welcome the federal Government commitment to leadership on ending homelessness. It is critical this leadership is supported with appropriate and sustained investment to ensure lasting positive change.

Homelessness NSW has proposed the following recommendations to be included in the Budget:

- **Recommendation 1:** \$1 billion per year over 10 years, matched by the NSW Government, to build 5000 social houses per year to kick-start the pathway to 10% Budget Impact: \$3.2 billion capital expenditure over the forward estimates (noting funding associated with Housing Australia Future Fund will be drawn from the fund so will not have a further budget impact)
- **Recommendation 2:** Extend the Equal Remuneration Order in line with the National Housing and Homelessness Agreement for one year with a plan for sustained indexation/ERO with any future federal government investment. Review base funding and indexation to ensure funding keeps pace with the real costs of SHS service delivery.  
Budget Impact: Not Available

We welcome the opportunity to provide this submission. Please contact Joshua Greenwood, Partnerships & Governance Lead at [joshua@homelessnessnsw.org.au](mailto:joshua@homelessnessnsw.org.au) should you wish to discuss any element of our submission further.

Yours Sincerely,



Trina Jones

CEO, Homelessness NSW

## Homelessness NSW – 2023-24 Pre-Budget Submission

Homelessness NSW is a not-for-profit organisation that operates as a peak agency for its member organisations to end homelessness across NSW. We exist to build the capability of people and the capacity of systems to end homelessness. We have a vision for a future where there is enough quality and safe housing and support services to ensure no one is homeless in NSW. Our 190 members include specialist homelessness services, allied organisations and services working to end homelessness. We work with our members, people with lived experience and broad network of partners to understand drivers of homelessness, advocate for solutions, build skills and knowledge, and scale innovation.

We thank you for the opportunity to provide a 2023-24 Pre Budget-Submission. Every night in NSW, tens of thousands of people go to sleep without a place to call home. Last year, more than 68,000 people were assisted for homelessness, but the true extent of the problem is much worse. As the cost of living continues to spiral, rents rise and wages stagnate, the pressure on those vulnerable to homelessness – ordinary Australians – grows. Homelessness is considered by some to be an intractable problem, assuming it is an issue too big to fix or a personal choice. This is not the case. Homelessness should not be accepted by political leaders or citizens in a country as prosperous and as caring as Australia.

Homelessness NSW acknowledges and welcomes the investment in housing and homelessness already provided by the Commonwealth Government. The Housing Australia Future Fund, the National Housing Accord and National Housing Supply and Affordability Council are all welcome additions to a sector in much need of support. However, with the instances of homelessness continuing to rise, a dwindling supply of social housing stock and service providers facing ever increasing demand, investment at scale is critical for success.

Homelessness NSW calls on the Government to adopt two realistic and achievable recommendations for inclusion in the 2023-24 Budget:

- **Recommendation 1:** Invest \$1 billion per year over 10 years, matched by the NSW Government, to build 5000 social houses per year in NSW to kick-start the pathway to 10% social housing dwellings by 2050.  
Budget Impact: \$3.2 billion capital expenditure over the forward estimates (noting funding associated with the Housing Australia Future Fund will be drawn from the fund so will not have a further budget impact)
- **Recommendation 2:** Extend the Equal Remuneration Order in line with the National Housing and Homelessness Agreement for one year with a plan for sustained indexation and ERO with any future federal government investment. Review base funding and indexation to ensure funding keeps pace with the real costs of SHS service delivery.  
Budget Impact: Not Available

**Sustained investment from the Commonwealth, matched by the NSW Government, to ensure that 10% of all residential dwellings in NSW are social housing by 2050.**

The current waiting list for social housing in NSW is now over 57,000 – with waiting times more than 10 years for people not deemed a priority case. NSW currently builds an average of 34,000 residential dwellings per year, of which approximately 700 - or 2% are social housing dwellings. At the current rate of social housing investment, it could take 70 years to house everyone on the waiting list.

To end homelessness together, Homelessness NSW is asking the Commonwealth and NSW Governments to work together to increase social housing stock to 10% of residential dwellings by 2050. Overall, 4.7% of the total residential dwelling stock is currently social housing a figure which has been falling steadily for more than 25 years.<sup>2</sup> This falls far short of the OECD average of 7.1%.

An initial investment of \$1 billion a year over ten years shared, with the NSW Government committing a further matched \$1 billion, would build 5,000 net new social housing dwellings each year. This would provide much needed urgent homes and lay the groundwork for planning reform and innovative models for ongoing investment.<sup>3</sup> The capital investment from the NSW and Commonwealth Governments, delivering 5000 social housing dwellings per year over 10 years, will inject up to \$23 billion into the economy over the forward estimates.<sup>4</sup>

**Recommendation 1:** *\$1 billion per year over 10 years, matched by the NSW Government, to build 5000 social houses per year to kick-start the pathway to 10%*

A target of 10% of all dwellings being social housing by 2050 represents approximately 200,000 *additional* dwellings<sup>1</sup>. This aligns with the latest research on social housing need which calculated that 200,000 net new social housing dwellings would be needed over the next 30 years on current population growth estimates.<sup>1</sup> Homelessness NSW proposes that the Commonwealth Government commit \$1b per year over 10 years as follows:

1. The Commonwealth Government to allocate funding from the Housing Australia Future Fund (HAFF) for 9000 social housing dwellings over 5 years. Approximate funding from the HAFF needed is \$2.35 billion<sup>1</sup> over five years. The NSW Government would need to commit an additional \$2.35 billion over the same time period. This would result in a total of 18,000 dwellings.
2. The Commonwealth Government to provide \$820 million per year over 10 years, with the NSW Government matching funding, to provide 4,100 dwellings over the 10 year period. This would result in additional 41,000 dwellings over the time period

**Budget Impact:** \$3.2 billion capital expenditure over the forward estimates (noting funding associated with HAFF will be drawn from the fund so will not have a further budget impact)

**Economic impact:** The capital investment from the NSW and Commonwealth Governments, delivering 5000 social housing dwellings per year over 10 years, will inject up to \$23 billion into the economy over the forward estimates.

## **Extend ERO and apply appropriate Indexation for Specialist Homelessness Services funding to ensure services can deliver support to those who need it.**

Specialist Homelessness Services (SHS) are operating over capacity and cannot fully meet the current demand and complexity of need due to limited resources. The Australian Institute of Health & Welfare (AIHW) Annual Report on Homelessness services found that 36 per cent of service providers reported rarely or never being able to meet demand.<sup>5</sup> In 2020/21, Specialist Homelessness Services supported over 70,000 people experiencing homelessness.<sup>6</sup> On average, services are providing support to 27% more clients than they are funded to.<sup>7</sup>

The Productivity Commission has calculated the current NSW investment in homelessness services equates to \$36 per day of support per homeless client. This is the lowest per day spend of any Australian jurisdiction.<sup>8</sup> A recent NSW Ombudsman Report found that “SHS providers are grappling with the difficulties associated with meeting the needs of their clients, managing associated risks, fulfilling contractual and duty of care obligations, and dealing with waiting lists and service system shortages.”<sup>9</sup> A significantly low investment for service delivery, compounded by a lack of social housing is resulting in over 48.2% of people experiencing homelessness not having their needs met.<sup>10</sup>

Government funding for SHS providers is set out in the National Housing and Homelessness Agreement (NHHA), with funding contributions coming from both Commonwealth and State Governments. As the Productivity Commission notes “Homelessness funding is distributed according to outdated data (from the 2006 Census) and general funding is based on population. Funding is not based on need nor the different costs of providing services in each jurisdiction.”<sup>11</sup> With costs of service delivery increasing, the Commonwealth Government’s contribution to SHS funding has not kept pace with the real and rising costs of providing services, support, and accommodation to people experiencing or at risk of homelessness.

An increase in indexation for SHS under the NHHA is necessary to ensure the ongoing provision of vital services to those in need. Without adequate funding, SHS providers will be forced to cut services or reduce staff, which will ultimately lead to an increase in homelessness and its associated negative impacts. Furthermore, an increase in indexation will also help to address the issue of staff turnover and recruitment in the sector. SHS providers often have to pay higher wages to attract and retain staff due to the high demand for their services. With an increase in indexation, SHS providers will be able to offer more competitive wages, which will help to attract and retain staff.

The NSW Government provided funding indexation of 5.5% for the FY22-23 financial year. The ongoing commitment of funding indexation from both levels of government is required to sustain service delivery to meet demand and support homelessness services to keep their doors open and their staff employed.

In addition, the Commonwealth Government’s funding for the Equal Remuneration Order in the Social, Community, Home Care and Disability Services Award expired in June 2023. The absence of ERO funding is likely to result in a considerable loss of staff who will move to other sectors offering better pay and conditions. Further, staff hours will be cut and/or jobs lost, at a

time when households face ballooning cost-of-living pressures and a severely overpriced and inaccessible rental market.

**Recommendation 2:** *Extend the Equal Remuneration Order in line with the National Housing and Homelessness Agreement for one year with a plan for sustained indexation/ERO with any future federal government investment. Review base funding and indexation to ensure funding keeps pace with the real costs of SHS service delivery.*

The proposal to extend the NAHA for a following year, and the current work with Commonwealth, State and Territories to form a new Agreement, presents an opportunity to revisit base funding and indexation. Consistent with the Productivity Commission's report *In need of repair: The National Housing and Homelessness Agreement*, The Government should review how SHS providers are funded and develop a new model based on need and cost of delivery, including funding for higher wages under the Equal Remuneration Order in the Social, Community, Home Care and Disability Services Award

**Budget Impact:** Not available

## References

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- <sup>1</sup> Australian Institute of Health and Welfare 2022, *Summary*, Specialist Homelessness Services Annual Report 2020-21, <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/summary>
- <sup>2</sup> Pawson, H, Martin, C, Thompson, S & Aminpour, F 2021, *COVID-19: Rental housing and homelessness policy impacts in Australia*, UNSW City Futures Research Centre, Sydney <https://bit.ly/3nTsZld>
- <sup>3</sup> Yates, J 2016, *Addressing the housing affordability crisis: Basis for an estimated need of 100,000 dwellings in NSW over the next two decades*, NSW Federation of Housing Associations, Sydney, [http://www.communityhousing.org.au/index\\_attachments/NSWFHA%20Need%20for%20100,000%20dwellings.pdf](http://www.communityhousing.org.au/index_attachments/NSWFHA%20Need%20for%20100,000%20dwellings.pdf)
- <sup>4</sup> Homelessness NSW. 2022. Ending Homelessness Together. Online: <https://homelessnessnsw.org.au/wp-content/uploads/2022/10/EndHomelessnessTogether-Report-WEB.pdf>
- <sup>5</sup> Australian Institute for Health and Welfare 2022, *Unmet demand for specialist homelessness services*, Specialist Homelessness Services Annual Report 2020-21, <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/unmet-demand-for-specialist-homelessness-services>
- <sup>6</sup> Australian Institute for Health and Welfare 2022, *Clients, services and outcomes*, Specialist Homelessness Services Annual Report 2020-21, <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes>
- <sup>7</sup> Australian Institute of Health and Welfare 2022, *Summary*, Specialist Homelessness Services Annual Report 2020-21, <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/summary>
- <sup>8</sup> Productivity Commission 2021, *Housing and Homelessness Services*, Report on Government Services 2021, <https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/homelessness-services>, [Homelessness data tables](https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/homelessness-services), Table 19A.16
- <sup>9</sup> NSW Ombudsman 2022, *Specialist homelessness services: helping people with high or complex needs*, Sydney, [https://www.ombo.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0004/137767/Specialist\\_homelessness\\_services\\_special\\_report.pdf](https://www.ombo.nsw.gov.au/__data/assets/pdf_file/0004/137767/Specialist_homelessness_services_special_report.pdf)
- <sup>10</sup> Productivity Commission 2021, *Housing and Homelessness Services*, Report on Government Services 2021, <https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/homelessness-services>

[services/2021/housing-and-homelessness/homelessness-services, Homelessness data tables](#), Table 19.A7

<sup>11</sup> Productivity Commission 2022, In Need of Repair: The National Housing and Homelessness Agreement, pg 13.