

Australian Government 2024-2025 Pre-Budget Submission

January 2024

Homelessness NSW welcomes the opportunity to provide a 2024-25 Pre-Budget Submission to the Australian Government. Investment in social housing and a strong homelessness service system is more critical than ever in light of current cost of living pressures and the affordable housing crisis.

Homelessness NSW is a not-for-profit peak agency that exists to build the capability of people and the capacity of systems to end homelessness. We have a commitment to a future where everyone has a safe home and the support to keep it. Our 200+ members include specialist homelessness services, people with lived experience, allied organisations and services working to end homelessness. We work with our members, people with lived experience and a broad network of partners to understand drivers of homelessness, advocate for solutions, build skills and knowledge, and scale innovation.

Homelessness services in NSW, as with all other states and territories, are struggling to meet high demand for accommodation and specialist supports. In NSW in the past year, less than half of the people who needed emergency accommodation and less than one quarter of the people who needed long-term accommodation received it. The number of people experiencing homelessness is disproportionately high and getting worse for some groups, such as people with a disability, older people, people living in regional rural areas, and Aboriginal people.^{1,2,3} Funding levels are not adequate and, at minimum, adequate indexation rates must be applied to homelessness services contracts to meet increasing costs of delivering these services.

Critical shortages in the availability and accessibility of social housing exacerbate the number of people facing homelessness. The lack of social housing also means that there are limited pathways out of homelessness and into long-term, secure housing for those people who need it most.^{4,5}

We are heartened by the Australian Government's strategic commitment to addressing homelessness via the development of a National Housing and Homelessness Plan and initiatives such as the Housing Australia Future Fund. To end homelessness requires significant and sustained investment to match these commitments.

Homelessness NSW recommends the following inclusions in the 2024-25 Australian Government Budget:

- **Recommendation 1:** Invest \$1 billion per year in NSW, over 10 years, matched by the NSW Government, to build 5,000 social houses per year, as a step towards the goal of 10% of residential dwellings being social housing.
- **Recommendation 2:** Increase the Australian Government's rate of indexation on homelessness services funding contracts to 6.2%.
- **Recommendation 3:** Commit adequate and ongoing new funds to achieve the goals to be established in the National Housing and Homelessness Plan.

Please contact Kate Davies, Policy and Research Manager, at kate@homelessnessnsw.org.au should you wish to discuss any element of our submission further.

Yours sincerely,



Dominique Rowe

Chief Executive Officer, Homelessness NSW

Homelessness NSW: 2024-25 Australian Government Pre-Budget Submission

Recommendation details

Increase and sustain investment in social housing

Recommendation 1: Invest \$1 billion per year in NSW, over 10 years, matched by the NSW Government, to build 5,000 social houses per year, as a step towards the goal of 10% of residential dwellings being social housing.

Social housing is essential infrastructure. A robust social housing system can provide the safety and security necessary to prevent homelessness and is critical to exiting people from homelessness into long-term housing.

However social housing capacity in NSW is decreasing at the same time as housing stress and risks that impact homelessness are increasing.⁶ In NSW there are currently more than 57,000 people on the social housing waitlist⁷ and, in addition, there are many people already in social housing awaiting transfer to safer and more appropriate housing.⁸

Some groups of people are experiencing multiple barriers to social housing, due to the lack of quality, accessible and safe housing. For example, there is a dire need for more accessible housing for people with disabilities, and for social housing that is designed with respect to different cultural needs and composition of households. There is a particular lack of social housing that is designed or provided to meet the cultural, family and community needs of Aboriginal people.

Expenditure on social housing is an investment with significant return – for every one dollar spent on social housing there is an estimated benefit of at least two dollars, associated with improved health, social, economic, education, justice and employment outcomes.^{9, 10, 11} Further, the proposed capital investment from Australian Government and NSW Government would inject up to \$23 billion over 10 years into the economy via employment and industry development opportunities.¹²

Currently, only 4.7% of households in NSW reside in social housing, a figure which has declined despite increasing need for social housing.¹³ Homelessness NSW is advocating for strong collaboration and joint investment from the Australian Government and NSW Government, to increase the stock of accessible, good quality social housing stock to 10% of residential dwellings by 2050.

To take steps towards achieving this goal, at least 5,000 new social housing dwellings need to be built each year over 10 years.¹⁴ This requires an initial investment of \$1 billion per year over ten years, with the NSW Government committing a further matched \$1 billion per year.

Adequately fund homelessness services

Recommendation 2: Increase the Australian Government's rate of indexation on homelessness services funding contracts to 6.2%.

In 2023/24 the Australian Government provided only 3.25% indexation on its component of the specialist homelessness services funding provided under the National Housing and Homelessness Agreement. This indexation rate does not come close to reflecting the actual increases in costs of delivering homelessness services. For comparison purposes, the NSW Government indexed its component of specialist homelessness services funding at a rate of 5.75% and the Victorian Government indexed at 5.45% in 2023/24.

Costs of service delivery have increased substantially in line with rising cost-of-living pressures and increasing staff costs. There is consensus across the community services sector that indexation has failed to keep pace with the increasing costs of delivering services. Many services, who were already overstretched, are being forced to deliver more services, with less funding.¹⁵ Specialist homelessness services are only able to meet about half of the demand for their services and most service providers support far more people than they are funded for.

NSW homelessness services have been particularly impacted by the low rate of Australian Government indexation.¹⁶ Unlike most other state and territory governments, the NSW Government did not make up the recent shortfall between the Australian Government rate of 3.25% and their own rate of 5.75% indexation. This meant that NSW specialist homelessness service providers bore the brunt of higher costs of service delivery and the inconsistent application of indexation across governments.

The shortfall in indexation will be compounded by the expiration of the Equal Remuneration Order for the Social, Community, Home Care and Disability Services Award at the end of 2023/24. Without adequate indexation and without Equal Remuneration Order funding being built into core service funding, homelessness services will struggle to retain and adequately compensate their skilled workforce.¹⁷

We call on the Australian Government to relieve the financial pressure on homelessness service providers by increasing its rate of indexation to 6.2%, a rate which covers both wage increases and other increased costs of service provision. We also urge the Australian Government to work closely with the NSW Government to align approaches to indexation in a way that does not negatively impact on service providers.

Resource the implementation of a National Housing and Homelessness Plan

Recommendation 3: Commit adequate and ongoing new funds to achieve the goals to be established in the National Housing and Homelessness Plan.

In 2023 Homelessness NSW was one of many stakeholders who submitted recommendations to inform the forthcoming National Housing and Homelessness Plan (the Plan).¹⁸ We advocated for a Plan that takes a whole-of-system approach to making homelessness:

- Rare: Prevent homelessness by addressing the drivers of inequality and poverty;
- Brief: Ensure quick access to support and safe accommodation, so that every person who experiences homeless has an immediate pathway to a home; and
- Non-recurring: Increase the availability of social housing, affordable private rentals and health and human service support.

We look forward to the release of the Plan and to a national, strategic approach to ending homelessness. However, we note that the ambitious goals of increasing access to safe and affordable housing and ending homelessness cannot be realised without sufficient and sustained investment. We urge the Australian Government to commit funds commensurate with the goals it sets out in the Plan and that this funding be ongoing to facilitate long-term interventions. We call for transparent details about new funds earmarked for implementing the Plan and for close collaboration with government and non-government partners in planning for these investments.

References

- ¹ Australian Institute of Health and Welfare. (2023). Specialist homelessness services annual report 2022–23. AIHW. Australian Government.
- ² Batterham, D., Tually, S., Coram, V., McKinley, K., Kolar, V., McNelis, S. & Goodwin-Smith, I. (2023) Crisis accommodation in Australia: now and for the future, AHURI Final Report No. 407, Australian Housing and Urban Research Institute. doi: 10.18408/ahuri5126801.
- ³ Hartley, C. & Barnes, E. (2023). Safe, accessible and available?: Examining the temporary accommodation system in NSW. Homelessness NSW.
- ⁴ Morris, A., Robinson, C. & Idle, J. (2023) Dire consequences: waiting for social housing in three Australian states, *Housing Studies*, doi: 10.1080/02673037.2023.2266401
- ⁵ NSW Department of Communities and Justice. (2023). Social housing waitlist data. Available at <https://www.facs.nsw.gov.au/housing/help/applying-assistance/social-housing-waiting-list-data>.
- ⁶ Writer, T., Barnes, E., Hartley, C. & Wearing, A. (2022). Social housing in New South Wales. Centre for Social Impact.
- ⁷ NSW Department of Communities and Justice. (2023). Social housing waitlist data. Available at <https://www.facs.nsw.gov.au/housing/help/applying-assistance/social-housing-waiting-list-data>.
- ⁸ NSW Department of Communities and Justice. (2022). Social housing assistance commissioning data report 2021/22. NSW Government.
- ⁹ SGS Economics & Planning (2022), Give me shelter: The long-term costs of underproviding public, social and affordable housing, report for Housing All Australians.
- ¹⁰ Jackson, A. & Ruting, B. (2023). Beyond roads and bridges: Critical social infrastructure for South West Sydney. NCOSS.
- ¹¹ Nygaard, C.A. & Kollmann, T. (2023) Social and affordable housing in Australia: A social cost benefit analysis. Community Housing Industry Association.
- ¹² Homelessness NSW. 2022. Ending homelessness together. Available at www.homelessnessnsw.org.au/wp-content/uploads/2022/10/EndHomelessnessTogether-Report-WEB.pdf
- ¹³ Australian Institute of Health and Welfare. (2023). Housing assistance in Australia. AIHW. Australian Government.
- ¹⁴ Troy, L. et al. (2019) Estimating needs and costs of social and affordable housing. City Futures, UNSW; Community Housing Industry Association NSW; Homelessness NSW.
- ¹⁵ Cortis, N. & Blaxland, M. (2023). At the precipice: Australia’s community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey. ACOSS.
- ¹⁶ Homelessness NSW. (2023). Indexation and Equal Remuneration Order Explainers. Available at <https://homelessnessnsw.org.au/resource/indexation-explainer/>
- ¹⁷ Brackertz, N. & Davison, J. (2022). Evaluation of the ‘Homelessness Industry and Workforce Development Strategy’. Australian Housing and Urban Research Institute for Homelessness NSW.
- ¹⁸ Homelessness NSW. (2023). National Housing and Homelessness Plan: Homelessness NSW’s submission to consultation. Available at <https://homelessnessnsw.org.au/our-work/submissions/>