

The Federal Budget handed down on Tuesday 11 May 2004 will continue the decline of social housing in Australia that began in 1996. While there is some growth in funding to the Commonwealth State Housing Agreement over the next 4 years, this will be at a rate less than half the expected rate of inflation (around 2.5% p.a.). This means reduced funding for social housing in real terms and will leave Australia's 200,000 plus social housing applicants wondering if they will ever get an affordable place to live.

The CSHA has already been eroded by 27.6% in real terms since 1996/97 and this budget has done nothing to turn this trend around. Modelling by National Shelter demonstrates that CSHA funding needs to be increase by 50% in order to reverse this negative trend and to grow social housing to 6% of all housing stock, the benchmark set in 1994.

The Crisis Accommodation and Community Housing Programs will grow by 1% per annum over the next four years as will the CSHA base funding but in real terms this means a continued reduction in funding.

The Federal Government has announced "an equity injection of \$20 million in 2004-05 to expand the capacity of the" Indigenous Home Ownership Program" and this will provide "housing loans to more than 400 Indigenous families over the next 4 years". National Shelter welcomes this effort to increase the rate of Indigenous home ownership, which is currently less than half the rate for non-Indigenous people, but questions how the Government plans to assist 400 families to become home purchases when funding for this program will provide an average of only \$50,000 per loan.

In addition, the figures provided in *Budget Paper No.3* give the appearance that this program is simply repackaging rather than an "injection of \$20 million". Expenditure listed under housing assistance for Aboriginal people shows a \$10 million cut between 2004/05 and 2005/06, indexation is then applied to the lower amount.

Table 1: CSHA Funding 2003/04 to 2007/08 (\$'000)

	2003/04	2004/05	2005/06	2006/07	2007/08
Crisis Accommodation Program	39,655	40,122	40,515	40,913	41,435
		1.2%	1.0%	1.0%	1.3%
Housing assistance for Indigenous People	101,000	102,072	92,974	93,886	95,085
		1.1%	-8.9%	1.0%	1.3%
Community Housing	63,990	64,744	65,379	66,020	66,862
		1.2%	1.0%	1.0%	1.3%
CSHA Base Funding	725,230	733,773	740,965	748,226	757,781
		1.2%	1.0%	1.0%	1.3%
Total CSHA	929,875	940,711	939,833	949,045	961,163
Change from previous year		1.2%	-0.1%	1.0%	1.3%

Source: 2004/05 Budget Paper No.3

The First Home Owners Grant (FHOG) is set to continue. Since its inception in July 2000 the scheme has provided over \$4.4 billion (568,000 grants). The increased FHOG provided around 69,000 grants. National Shelter is disappointed that means testing or targeting will not be introduced. On Thursday 20 May The West Australian Newspaper revealed how this lack of targeting has allowed the purchase of properties not normally considered within the realm of the first home purchaser market – in Western Australia 381 grants have been used to purchase properties between \$500,000 and \$1 million dollars and a further 28 for properties over \$1 million.

Table 2: First Home Scheme estimated expenditure by State 2004/05

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
FHOG	237.9m	195.8m	168.8m	93.9m	57m	19.5m	11.3m	7.8m	792m

Source: 2004/05 Budget Paper No.3

The Supported Accommodation Assistance Program (SAAP) will continue at close to current levels. SAAP will receive a more generous level of indexation than the CSHA but it is still below CPI projections; this will see a small reduction in real terms over the next few years. However, homeless people require access affordable housing in order to stabilise their lives and move on from SAAP support, this budget will not make this goal any easier to achieve.

Table 3: Supported Accommodation Assistance Program 2004/05 to 2007/08 (\$'000)

	2003/04	2004/05	2005/06	2006/07	2007/08
Supported Accommodation Assistance	171,260	174,688	178,008	181,390	185,009
		2.0%	1.9%	1.9%	2.0%

The Budget makes a provision of \$10.4 million over 4 years to continue the Family Homelessness Prevention and Early Intervention Projects, now renamed the Home Organisational Management Expenses (HOME) Advice Program, assisting 400 families a year.

The Budget continues to support research and will provide \$22.9 million over 4 years to run the Household, Income and Labour Dynamics in Australia (HILDA) Survey another 4 times.

Rent Assistance guidelines for about 11,500 War Widows and Widowers will be increased by up to \$95.40 per fortnight, bringing them in line with the level of rent assistance paid to other income support pensioners. While this will improve affordability of private rental housing for these Widows and Widowers, research conducted by National Shelter and ACOSS indicates that 35% (330,360) Commonwealth Rent Assistance recipients remain in housing stress after receipt of this payment.

Overall the Budget continues the gradual decline of social housing in Australia, further entrenching the disadvantage faced by low income households and favours those on middle to high incomes. In terms of providing affordable housing for all Australians, this budget rates at best 4 out of 10. The CSHA continues in line with funding agreements but decline in real terms. This will translate into social housing continuing the proportional decline began in 1996. Services to the homeless have fared better in terms of the Supported Accommodation Assistance Program but the effectiveness of this program will be limited by reduced access to social housing. The budget has delivered housing for some has ignored the growing number of low income Australians in housing crisis.