Welcome to our March issue of ResearchPress for 2018. This month we discuss how we can plan for a future Australia and explore some of the latest data from the ABS. Read on to learn more.

Planning for a Future Australia

A recent Four Corners episode raised considerable debate about the changing face of our cities and what this could likely mean for the way we live, work and travel. This has been exacerbated by an accelerated level of transformation that has left some wondering whether the Great Australian Dream is still achievable. A few of the most polarising debates relate to migration, national identity and how this will impact our future homes and backyards. The program’s reporters contend that Australia has an ‘immigration policy but not a population policy’ and that this lack of holistic planning is contributing to community misgivings about the idea of a ‘Big Australia’.

In Re-Imagining the Australian Dream the Grattan Institute highlights that home ownership rates are falling among Australians younger than 65, especially those with lower incomes. This has changed significantly from 35 years ago when home ownership was more accessible across income levels. Now, those on low incomes, who are increasingly renters, are spending more on housing. Taking on a mortgage also carries greater risk for the current generation of young people as mortgages are now generally larger and taken for longer periods.

Grattan contends that our cities are not delivering the “best mix of housing location and density” and are becoming “geographically divided”, so that young people with less income are concentrated on the fringes of capital cities. Numerous factors have contributed to this “perfect storm” including falling interest rates, rapid migration, tax and welfare settings feeding demand, and planning rules that restrict supply (particularly in areas of high amenity and in transport corridors).

The Bankwest Curtin Economics Centre’s (BCEC) new report addresses the topic of land supply, its role in new dwelling construction and housing affordability in WA – a major economic and social issue. Perth has grown rapidly. Between 2001 and 2016 the population increased by 47%, the largest proportional increase of any Australian capital city. House prices have grown quickly: from 1999 to 2016 house prices grew at an average annual rate of 8.4%; other dwellings grew 9%. Both sectors report the highest annual increases for all Australian capital cities over this period.

The report proposes that governments can do more to encourage affordable housing by targeting first home buyer subsidies to specific locations and housing types. It also suggests incentivising developers and builders to create smaller houses with more cost-efficient designs. These factors are all important for designing places for people to live their lives and prosper.
Politics and Government

NHHA passes both houses
The National Housing and Homelessness Agreement (NHHA) Bill was passed by both Houses on 22 March 2018. States and Territories continue to progress negotiations with the Commonwealth on the Multilateral Agreement and the Bilateral Schedules. The NHHA bill is due to commence 1 July.

Welfare Reform Bill passes, changes to company tax rates stall
The purpose of the Social Services Legislation Amendment (Welfare Reform) Bill 2017 is to amend social welfare statutes to: create a single job seeker payment; establish a drug testing trial; and remove existing exemptions for jobseekers experiencing drug or alcohol dependence. The Bill passed with some amendments this week mainly related to the contentious issue of drug testing. ACOS has spoken out strongly against its passing, challenging that “it will worsen the lives of people experiencing disadvantage”. A vote on company tax cuts has been deferred by the government at this time after failing to secure sufficient support from the crossbench.

Few election surprises
Elections around the country see the Liberals win government in South Australia. This was no real surprise considering Labor had held government for four terms. In the Batman byelection in Victoria, Labor received large swings in its favour to defeat the Greens. Neither of these results was particularly controversial, though the clear endorsement for major parties is somewhat against trend. The timing of Federal Labor’s tax reform announcements in relation to the abolishment of unused dividend imputation credits elicited controversy (and later modification). This was possibly a calculated risk tested in Batman that may herald further tax policy announcements in coming months.

Addressing tax and other structural settings are likely to be a way for political parties to differentiate themselves in the lead-up to the next Federal election.

Productivity Commission (PC) Reform to Human Services
This report was finalised in October 2017 and publicly released this month. The Commission has made recommendations on how to apply increased competition, contestability and informed user choice to the human services. Human services are essential to wellbeing and underpin economic and social participation. An article in the Mandarin questions “when is choice not really choice?” Six areas have been identified, three are of particular interest to the Department of Communities.

Social housing The PC contends the system “is broken” and recommends that a single, portable form of financial assistance like Commonwealth Rental Assistance (CRA) (currently available to Community Housing Organisations and for private rental) should be implemented to allow more choice in the provision of housing assistance. The PC notes many people are eligible for public housing that currently reside in private rental and that there are disincentives to a person transitioning out of public housing. To counter the problem, the PC is recommending charging public housing tenants market rents and extending CRA to offset the increase.
Family and community services These are cited as ineffective in meeting the needs of people experiencing hardship, and should be addressed through service procurement and contract management approaches focused on improving outcomes for the people who use the services.

Remote Indigenous communities The PC highlights that current approaches to commissioning human services in Remote Indigenous communities should be more responsive to local needs; this would allow services to be more effective and lay the foundation for future place-based approaches.

Business and Economy

Banking Royal Commission
The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has provided polarising accounts of a banking industry that is apparently failing to ensure the financial security of its customers. This situation is sure to herald lasting reputational damage but there are important implications that stretch far more widely. The banks operate under a ‘social license’ which recognises that while they must ensure a suitable return for their shareholders, they also carry responsibilities to the civil society in which they operate.

Some of the most troubling aspects we are hearing from the Royal Commission include the systemic nature of accounts that are being presented, rather than singular incidents. These are certainly injurious to individuals, but the systemic risk posed by bankers dispensing loans to people who do not fully understand their obligations, or in many case cannot afford the repayments, is something that should be troubling to us all. For many vulnerable Australians the risk of financial hardship is very real. ‘Checks and balances’ should be in place to safeguard those who struggle to read the ‘fine print’ or to understand the complexities of the financial system.

Income tax treatment of housing assets
As talk of tax system changes ramps up, AHURI highlights that current negative gearing policies disadvantage lower income earners, particularly females, older investors aged 55+ years not in the labour force and renters who do not own properties. AHURI proposes progressive rental deductions to cushion the financial wellbeing of ‘mum and dad’ investors, resulting in an estimated $1.7 billion savings a year. Rising income and wealth inequality globally is a reminder that tax treatment is fundamentally a question of how such reforms may reduce inequity in the housing market.

The cost of privilege
For many Australians the foundations of the ‘lucky country’ are being shaken by complex structural factors (economic, employment, demographics, etc.). According to Anglicare’s The Cost of Privilege, supports are not as protective as they once were. The report suggests that tax concessions are skewed in favour of Australia’s wealthiest and this diminishes the opportunities available to some Australians. The report uses hypothetical household snapshots to demonstrate the impact of specific policy settings on certain cohorts.
Society and Community

ABS census: homelessness

ABS census data has revealed a rise in the homelessness rate in Australia by 4.6%, with the largest increases under the category of “people living in ‘severely’ crowded dwellings”. Young people are especially hit hard: in WA, homelessness among 19-24-year-olds between 2006-16 has increased by 2%; in NSW it has more than doubled, up by 117%. There has been a 10% increase in homelessness among women since 2011, particularly older women, and women and children fleeing family violence. ABS spokesman Paul Jelfs surmises this is likely “related to domestic violence, relationships breaking down and [poor] economic status”. ACOSS attributes trends to rising housing costs and declining incomes, calling for a “coherent national strategy”. This sobering data is, in the words of John Falzon, a call for “some brave decisions to end homelessness in our rich country”.

Family, domestic and sexual violence in Australia

Family and domestic violence is a major health and welfare issue which can have a profound effect on the ability to work, health and financial situation. Indigenous women, young women and pregnant women are particularly at risk of falling through the cracks. According to Australian Institute of Health and Welfare (AIHW) data intimate partner violence causes more illness, disability and deaths than any other risk factor for women aged 25-44. Inconsistent definitions of violence pose a challenge, as does the limited information available on specific at-risk groups. Capturing diverse female voices is essential to shifting the narrative. The McGowan Government is “taking the issue seriously”.

Addressing gender imbalance

International Women’s Day was celebrated this month with plenty of inspirational stories to mark the achievements of women globally. BCEC reports on many Australian workplaces taking action towards pay equity in the 2015-16 financial year, reducing the gender pay gap. BCEC maintains that long-term systemic change must go beyond measuring pay differences. Persisting gender discrimination across sectors, despite improving women’s labour force participation in the past year, puts the issue firmly back into policy agendas. The long-term impacts of financial vulnerability may translate into adverse life outcomes such as homelessness (with a lack for superannuation funds to draw on for retirement), poor mental health and relationships.

Science and Technology

The future is already here – but are governments ready for it?

This the question asked by Professor Bell at ANZSOG and AIHW’s ‘Breaking the data silos’ conference. She cautions that the increased use of data would not necessarily make society more equitable unless we consciously address our social structures, and governments work to ensure people are treated as citizens as well as consumers. Professor Bell contends that we need to “ask the right questions and keep human needs at the heart”.

Hot off the Press

- AHURI. What are the Contributors and Barriers to Downsizing?
- AIHW. Cancer in Aboriginal and Torres Strait Islander People of Australia.
- AIHW. Tracking Progress Against the Implementation Plan Goals for the ATSI Health Plan.
- Australian Law Reform Commission. Pathways to Justice—Incarceration Rate of Aboriginal and Torres Strait Islander Peoples.
- BCEC. Housing Affordability: Land Supply and New housing in Western Australia.
- BMC Health Services Research. The Effects of Housing Stability on Service Use Among Homeless Adults with Mental Illness in a Randomized Controlled Trial of Housing First.
- Brotherhood of St Laurence. An Unfair Australia: Mapping Youth Unemployment Hotspots.
- City Futures Research Centre (UNSW). Making Better Economic Cases for Housing Policies.
- Infrastructure Australia. Infrastructure Priority List: Project and Initiative Summaries.
- Law and Justice Foundation of NSW. Fines: Are Disadvantaged People at a Disadvantage?
- RBA. The Effect of Zoning on Housing Prices.
- RBA Bulletin. Developments in Banks’ Funding Costs and Lending Rates.
- RMIT. Measuring Queensland’s Digital Divide.
- Summer Foundation. Specialist Disability Accommodation: Market Insights.

For more housing related resources, visit our website: http://www.housing.wa.gov.au/aboutus/researchandreports/Pages/default.aspx