SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON TAX AND REVENUE INQUIRY INTO HOUSING AFFORDABILITY AND SUPPLY IN AUSTRALIA.

Submission

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About the SDA

The Shop, Distributive and Allied Employees' Association (the SDA) is one of Australia's largest trade unions with over 210,000 members. Our members work in retail, fast food, warehousing, hairdressing, beauty, pharmacy, online retailing, and modelling.

The majority of SDA members are women (60%, approximately 131,000), under 35 years (57%, approximately 120,000 workers), and low-income. Retail and food services are two of the three lowest industries for median weekly earnings.

The SDA has a long history of advocating on behalf of members. We do this through enterprise bargaining; making submissions regarding Awards and the NES to provide a relevant safety net; and through numerous submissions made to parliamentary and government inquiries and other important reviews.

The SDA has 10 policy principles that guide our engagement in these reviews. For a list of these, see Appendix A.

Shop, Distributive and Allied Employees' Association Submission to the House of Representatives Standing Committee on Tax and Revenue Inquiry into Housing Affordability and Supply in Australia.[1]

The Shop, Distributive and Allied Employees Association (SDA) National Office welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Tax and Revenue Inquiry into Housing Affordability and Supply in Australia. Strong rates of home ownership, and adequate housing supply, security and affordability, should be bipartisan policy aspirations. While the committee's terms of reference are broad, the specific media release announcing the inquiry implies the major problems afflicting Australia's housing market are supply-side "elasticity" factors and not what it terms "increased subsidies" (i.e. first home owner grants) and "tax concessions" (negative gearing and capital gains tax), which would appear to pre-empt a significant line of the committee's inquiry in respect of housing affordability. The SDA notes that many of the key policy levers that shape housing affordability rest with the Commonwealth. Demand and supply-side levers, such as taxation policy, generally reside with the Commonwealth, although some supply-side policy levers (including zoning and land availability) do fall within the remit of the states and territories. Nonetheless, as committee chair, Mr Jason Falinsky MP notes, data provided by the Reserve Bank of Australia (RBA), Treasury and Australian Bureau of Statistics (ABS) shows that home ownership in Australia has been falling for the last thirty years, constituting an "urgent moral call for action by governments of all levels to restore the Australian dream for this generation and the ones that follow." The SDA is in the fulsome agreement with this goal. Housing is critical to national well-being. Whether housing is affordable and secure has a profound impact on our social, economic, physical, and mental health, as individuals, families and as a society. The 2015 Senate Economics References Committee Report on housing affordability rightly noted: "affordable, secure and suitable housing is a vital determinant of wellbeing."[2]

As the committee foreshadowed in its brief, Australia has a three-fold housing problem: rising house prices and unaffordability, falling home ownership rates, and inelastic supply, with severe ramifications for younger Australians. We would argue that this extends to a lack of affordability and security provided to private renters. These trends significantly impact workers the SDA covers, with over 200,000 members employed in retail, fast food, and warehousing. In 2017, the Fair Work Commission described retail (and hospitality) workers as "more likely to be female, younger (under 25 years), work part-time hours, be employed on a casual basis and be award reliant than employees in other industries. Employees in these industries are also more likely to be low paid."[3] Home ownership, affordability for buyers and renters, as well as the security and rights of renters is a critical issue for our members whether they reside in our cities, middle and outer suburbs, and regions. Working families deserve policy which provides adequate supply of good quality, affordable housing to rent and buy. Housing is a nation building project and every Australian has a vested interest in ensuring its success. Our submission provides an overview of why Australia is facing a housing crisis, what policies should be pursued, and which should not.

1. The crumbling Australian Dream

The inquiry has been called in the midst of steep increases to capital city and regional house prices during the ongoing COVID global pandemic, coming on top of disturbing long-run trends in the national housing market. As of the 2016 Census, home ownership in Australia fell to 67% of households, a steady decline from 68.1% of all households in 2006 and more than 70% two decades ago.[4] The 2021 ABS census data will likely reveal the percentage of homeowners falling further, possibly closer to the mid-60% range, with more Australians forced to rent privately and rent for longer. Trading Economics predicts the home ownership rate trending downwards to 64% across 2021-22.[5] This cannot merely be ascribed to a shortage of housing supply given long-run trends. The committee's media release cited the 44% decrease of residential private building approvals between 2016–2020, despite the clear impact of COVID-19 on approvals and construction. In any case, both building permits and dwelling commencements were at record highs prior to the pandemic and rose substantially before the most recent spate of lockdowns.[6] Rather, demand-side problems including speculative investment are a major cause of declining ownership rates compared to supply-side issues such as tax, regulation and land availability.

Despite the pandemic recession and economic uncertainty, recent data shows national property values have risen above pre-COVID levels. Nationally, house prices have increased by 17.8% over 2021, while prices for apartments rose by 9.3% over the same period.[7] Sydney property prices have soared more than 20% over the past year; Melbourne's by 13%.[8] Sydney's prices managed to rise by 2% and 1.6% even during the locked-down months of July and August 2021 respectively. Melbourne prices gained 1.3% in July and 1% in August.[9] Data from CoreLogic showed house values in Sydney climbed to a record median of $1.3 million in August; and a record $955,000 in Melbourne ($843 and $473 a day respectively).[10] Other capital cities experienced similar rises. Initial increases in first home buyers have slowed as investors have come to dominate.[11] Indeed, new figures from the ABS show that finance to first-time homebuyers fell 7.6% in July, compared to June, in seasonally adjusted terms.[12] Regional centres have registered even stronger price growth, with buyers escaping cities more prone to lockdown restrictions. Nationally, regional property prices rose 21.6% between August 2020 until August 2021. In regional NSW, prices leapt 24.8% over the year; in regional Victoria by 20.3%; and in regional Queensland by 20.6%.[13]

Australia's largest mortgage lenders, our private banks, have planned for substantial nationwide price increases over the next two years. Commbank is now predicting national dwelling price rises of

20% in 2021 and 7% in 2022.[14] ANZ predicts national dwelling prices will rise by slightly above 20% in 2021 and 7% in 2022.[15] NAB is suggesting Australia-wide prices increasing by 19% in 2021 and 4% in 2022.[16] Westpac has upgraded its price growth forecast to 18% this year, and 5% in 2022.[17] Sydney and Melbourne dwelling prices are predicted to climb again in 2022, albeit more modestly, with more or less similar prices rises in Brisbane, Perth, Canberra, Adelaide, Darwin and Hobart. As the ANZ notes, in Sydney, Australia's most expensive capital city, the average home value is now more than nine times the average income, a major marker of housing affordability, which, as it also illustrates, has deteriorated across all states.[18]

Prices have risen on the back of ultra-low interest rates, government stimuli, cash savings from cancelled overseas holidays or entertainment, limited stock for sale (that is lower listings by vendors not a lack of newly built properties), and demand for bigger homes as more people work from home.[19] This only makes it more challenging for savers hoping to enter into the market for the first time, compounded by endemically lacklustre wages growth, Delta third wave driven spikes in unemployment (up to one in ten workers especially in hard hit Western Sydney), and businesses extending pay freezes. The RBA's own forecasts only show wages growth returning to a historically low two per cent by mid-2023.[20]

COVID trends should be read in conjunction with longer-run trends in home ownership and affordability. Working hard and saving hard is no longer a guarantee of buying a home. This is despite the fact that the major focus of housing policy in recent decades, under state and federal governments of all political persuasions, has been directed at boosting home ownership, through demand incentives such as first home buyer grants and stamp duty discounts. Yet the only age group that has experienced a rise in homeownership in the past thirty years are the over-65s, and within that demographic only those in the top quintile of income distribution.[21] By 2040, it is predicted that only half of Australians aged 25 to 55 will own their home.[22]

This trend has, in large part, been driven by favourable tax settings stimulating high levels of speculative investment.[23] We do not propose the committee revisits previous debates around negative gearing and capital gains taxes suffice to say, as the Liberal Member for Goldstein, Tim Wilson, argues in his recent book *The New Social Contract*, wealth creation through tax concession benefits directly transfers wealth from younger people to older investors.[24] Since the Global Financial Crisis (GFC), rising insecure work, flat wages growth, cuts to penalty rates and fewer full-time jobs all make it harder for Australians to cover rental payments, with concomitant rental stress also making it more difficult to put together a loan deposit or get a bank loan.

2. What has gone wrong?

Until the mid-1990s, Australia had a reputation as a well-housed, affordable country for ordinary citizens, notwithstanding qualifications over the enduring concentration of poverty among lower income private renters and those missing out on the benefits of tenure security and wealth creation delivered through mass homeownership.[25] Nonetheless, Australia sustained a high level of homeownership of around 70% of households, consistently rating in the top cohort of developed countries. Since the mid-1990s, however, the housing department was reduced to a branch within the social security ministry; there is no dedicated national minister for housing; national monitoring of supply and demand conditions in the housing market was abandoned; and social housing funding cut, curtailing additional supply. Australia is bereft of a dedicated national approach to home ownership and housing security and affordability.

Until relatively recently the average Australian family could expect to buy a home on one wage, with prices three times the median household income. Australia was one of the world's great home ownership societies for working people.[26] Since the early 2000s owning a home has become extraordinarily difficult for millions of working Australians, particularly younger citizens.[27] Further, the proportion of owner-occupied dwellings is at its lowest point since 1954. While comparable nations such as the US and UK also faced similar or greater contractions, and renting remains higher in developed European countries, Australia's decline is a major concern.[28]

Younger people have been completely priced out of our major cities. Between 1981 and 2016, home ownership rates among 25 to 34-year-olds fell from more than 60% to 45%.[29] The home ownership rate of 30–34-year-olds was 64% in 1971, decreasing 14 percentage points to 50% in 2016, according to Census data. For Australians aged 25–29, the decrease was similar: 50% in 1971, decreasing to 37% in 2016. Precipitous falls in home ownership rates for young adults and long-term declines in home ownership affordability rank among the most severe in the OECD.[30] Home ownership rates are naturally higher for older generations as they have more time to save a deposit. Yet there is a widening wealth gap between generations, as asset prices rise faster than wages and record-low interest rates act to boost house prices.[31]

Home ownership rates have also decreased among people nearing retirement. Since 1996, home ownership rates for the 50–54 age group have seen a 6.6 percentage point fall over the two decades to 2016 (80% to 74%).[32] Grattan Institute modelling predicts that the share of over 65s who own their home will plummet from 76% today to 57% by 2056, and it's likely that less than half of low-income retirees will own their own homes in the future.[33] More concerning is the decline in outright ownership, involving no mortgage debt, from 32.1% to 31.0% between 2011 and 2016.[34] This will lead to poorer, more insecure retirements and a higher base living costs. Among Australians fortunate enough to purchase their own home, the increase in household debt to income ratios hurts consumption and increases financial insecurity.[35]

Housing unaffordability is a long-run problem, driven by speculative investment via well-publicised tax distortions, high capital inflows from foreign investment, and consistently record levels of immigration clustered in Australia's capital cities, and to an extent supply issues such as land availability. Real home prices across Australia have climbed 150% since 2000, while real wages have climbed by less than a third.[36] In 1985, the average Australian home price was between two and three times the average salary and, by 1990, stood at four times the average salary, before accelerating amid a so-called 'housing bubble'. Today, average home values are worth seven times the average annual salary. Twenty years ago, it took three times the median salary to buy a house in Sydney. Now it takes nine times, and in Melbourne the figure is eight times, a higher ratio than London or New York markets. Sydney is now the second most unaffordable city in the world. Australia's other major cities – Melbourne, Perth, Adelaide, and Brisbane – also reside in the global top twenty cities in terms of unaffordable housing.[37]

A recent Real Estate Institute of Australia report analysing housing affordability over the past two decades found increases in the average family income since 2001 (112.8% since 2001) have been unable to keep up with the rise in weekly home loan repayments – from $1093 per week to $3054 a week, a rise of 179.4% – and the average home loan, which has soared 248.7% from $157,239 to $548,323. The proportion of income needed to meet loan repayments has jumped from about 27% two decades ago to almost 36% in June this year. Nationally, the proportion of family income needed to cover rental payments rose from 22.1% in 2001 to 23% in June 2021.[38] Affordability has declined Australian wide over the past twenty years, most significantly in Tasmania (down 12.7%) and NSW (12.4%), South Australia (10.1%), Victoria (9.7%), ACT (6.9%) and Queensland (5.9%). The smallest falls were registered in Western Australia (2.1%) and Northern Territory (3.1%).[39] Again, the link with wages growth is highly significant. Housing prices have risen almost eleven times faster than wages growth over the year to August, creating significant if not impossible barriers to entry for those who don't own a home.[40]

Much of this is demand-driven price inflation, rather than the supply of enough homes. The Grattan Institute has shown that the vast majority of mortgage lending is for the purchase of existing rather than new homes, pushing up prices for all aspirant buyers. The investor share of new mortgage lending is up from 10% in the early 1990s to 40%, as a direct result of discounts on capital gains tax and negative gearing.[41] Or as a University of Sydney Institute for Innovation and Public Purpose Working Paper puts it: "Australians have been increasingly buying housing **for the purpose of securing financial returns** — both capital gains and rental income, in a process often described as the financialisaton of housing, but one that we think can be more accurately thought of as "rentierization" … the increasing use of housing to extract land rents, in the form of capital gains on property and rents from tenants – a process in which Australia is well advanced." As the study further notes: "Real home prices have soared 215% since 1980 and have shown few signs of reversion to long-term trends, despite corrections in 2009-10 and 2017-2019. The rise in home prices has been driven by rising land values rather than construction costs, which have grown at a rate closer to general price inflation ... Capital gains have become so high as to rival and at times dominate wages as a source of household income. In 16 of the 29 quarters leading up to June 2019, the median Sydney home earned more than the median full-time worker earned from wages."[42] And, as noted earlier, property price rises across 2021 and 2022 will likely wipe out corrections seen in the national market in 2017-2019.

Surging income and wealth inequality was occurring well before the onset of COVID-19. UNSW Social Policy Research Centre and Australian Council of Social Service analysis released this month show that the top 20% of households in 2017-18 have six times the disposable income of the bottom 20%, but in 2015-16, the ratio was five times. The wealthiest 20% of Australians hold 64% of all household wealth, more than all other households combined. From 2003 to 2017, the average wealth of the highest 20% grew by 68% compared with 6% for the lowest 20% of Australians. This divergence has been driven by the asset types held by the top 20% – investment property, superannuation, and shares. According to analysis conducted by the UNSW Social Policy Research Centre and Australian Council of Social Service, 80% of financial assets like shares and property investment are held by the highest 20% of wealth-holders in Australia.[43]

Australia's housing system is not a symptom of inequality – it's the main driver. Young people who can access the housing market as first-time buyers often have a leg up from parents, perpetuating inequality across generations while property wealth creates an asset against which owners can borrow to buy more. While most investors only own one property, there has been rapid growth investors with more than one property (and private renters are just as likely to be renting from someone who owns more than one property as a single property owner). In 2003-4 the average property value of the top quintile of Australian households (by wealth) was worth 1.32 times as much as the average property value of the other 80% of households. By 2017-18 the multiple was almost 1.6 times.[44] Income inequality and, as a result, wealth inequality in Australia becomes even greater when we compare household incomes after accounting for housing costs such as paying rent. This is because housing costs as a proportion of income for richer households have been relatively stable (due to low interest rates) while housing costs as a proportion of income for low-income households have risen sharply (because rents have climbed faster than wages and social security benefits). The ratio of household debt to income has more than doubled since 1995, representing one of the world's highest rates of debt to household disposable income,[45] and one of the OECD's highest rates.[46] Australian Prudential Regulation Authority (APRA) data reveals that the share of new loans where customers are borrowing more than six times their income rose from 19.1% to 21.9% between the March and June quarters, the highest level on record, and up from 16% a year ago.[47]

Australia's retirement incomes system was constructed on the 'three pillars' model. Along with the voluntary savings (superannuation) and the pension, policy settings assume that most retirees own their home *outright* and thus have minimal housing costs in retirement.[48] Recent evidence undermines this model. AHURI research shows that the proportion of homeowners aged 55 to 64 years still owing money on their mortgages has more than tripled since the design of our compulsory superannuation system: from 14% in 1990 to 47% in 2015.[49] According to recent ABS Survey of Income and Housing data, home-ownership rates among Australians aged 55-64 years dropped from 86% to 81% between 2001 and 2016, and older Australians are also shouldering high levels of mortgage debt in later life. For the 55-64 age group, in 2001 roughly 80% were mortgage-free, but fifteen years on this had plummeted to only 56% and indebtedness is growing among homeowners aged 65 and over. In 2001, nearly 96% of this cohort were mortgage-free. By 2016, however, of that cohort the proportion fell to below 90%. The number of outright owners aged 55-64 is expected to fall by 42%, from more than 1.2 million to 708,000. Conversely, the numbers of older mortgagors and older private renters is projected to soar.[50]

All this will have a significant impact on cost of living in retirement and will grow with each successive generation. This will also place added burden on public and community housing, as well as expanding the numbers eligible for Commonwealth Rent Assistance, placing additional strain on the commonwealth budget. AHURI research suggests that due to tenure and demographic change, CRA demand will rise by 60%, from 414,000 in 2016 to 664,000 in 2031. This is going to increase commonwealth spending on CRA, which already runs at $4.6 billion annually, up from $2.9 billion a decade earlier.[51]

3. Housing stress

In the context of pre and post COVID economic insecurity, more Australians are experiencing high levels of 'housing stress' and as seen below 'rental stress'. Put simply, the proportion of wages expended on housing through regular mortgage and rent monies is on the rise. Growing housing stress is a real risk to our precariously placed economy, hitting disposable incomes, and weakening growth. COVID-19 has exacerbated these worrying trends. 'Mortgage stress' – when low-income households are expending more than 30% of income on loan repayments – is on the rise in Australia. At the outset of 2020, one survey showed that about one in five mortgage borrowers in Australia, or about two million households, were experiencing mortgage stress, despite record low interest rates, and 5% were spending more than 50%.[52] Mortgage stress has the potential to cause and accentuate inequality, and is detrimental to people's mental health, relationships, and social cohesion.[53]

Just prior to the onset of the Delta variant COVID wave, more than 230,000 households across Australia were classified as in "mortgage crisis" with a significant risk of people losing their homes.[54] By July 2021, 31% of people are struggling to make their rent or home loan payments; well up on the 23% of respondents who reported rent or home loan stress in July 2020.[55] An August 2021 national survey found that a home loan rate hike would plunge 5% of borrowers into financial hardship.[56] Overall, however, mortgage stress is lower than rental stress,[57] with two in five (42%) paying more than 30% of their household disposable incomes on mortgage repayments.[58] Significantly, while data on regional stress is more difficult to ascertain, the housing market is being upended: more than 60% of homes in combined regional areas are now cheaper to buy than rent, compared with 4.9% of homes in Sydney and 7.3% of Melbourne homes.[59]

As a result of these trends, Australia is increasingly becoming a nation of renters. The private rental sector has grown by 36% over the last ten years — twice the rate of house owner growth.[60] As of July 2021, there are 2.6 million households and 8 million people renting, or 32% of the population. Australians are renting for longer and often permanently as home ownership grows out of reach for Australians. The number of low-income private renters (those in the lowest 40% of incomes) has doubled in number over the past two decades to 2.65 million people and as a cohort most spend more than 30% of their incomes on rent, what is considered to be living in 'rental stress'.[61] Of particular concern, there has been a doubling of the number of young people living in housing stress.[62] COVID-19 has seen a sharp increase in not being able meet rent or mortgage payments – disproportionately higher in low income groups.[63] During mid-2020, an extraordinary one in four renters reported being unable to pay rent on time. While, as discussed earlier, people paying off mortgages are under pressure, and often reliant on 'mortgage holidays', there remains slightly more mortgage-holders than renters, meaning those renting are more likely to be living in housing stress.[64]

Prior to this February, research into homelessness and housing during the pandemic found that at least 75,000 households across Australia had mounting deferred rent debts. This is a direct result of rental prices rising following last year's slump. CoreLogic data for the March 2021 quarter found that national rental rates have surged by 3.2%, the largest quarterly increase in its index since May 2007, with the regions, Darwin and Perth responsible for most of this growth. The report found that rents in the regions had risen by 4.8% compared to the 2% rise in capital city units.[65]
CoreLogic's subsequent Rental Review for the June 2021 quarter shows the latest figures take national rental rates 6.6% higher over the year; the highest annual growth in dwelling rents since

January 2009. Regional rents continued to outpace capital city rents, rising by 2.7% compared to a 1.9% rise in capital cities. Despite the easing in hikes in recent months, regional Australia's annual rental growth hit 11.3% in June 2021. This is the highest annual growth result since the CoreLogic rental index began in 2005.[66] A recent rental report by Domain on rental prices in the six months to June 2021, similarly, found that rent prices have hit record highs in most capital cities.[67]

These trends are making it harder for people to pay rent and causing rental stress. The number of renters spending more than 41% of their income on rent has increased 8% over the past six months to June 2021, according to a survey of 1,500 households by ME Bank.[68] More than three in four (77%) Queensland renters and more than seven in ten (72%) in NSW are now experiencing stress.[69] The proportion of renters spending more than two-fifths (41%) of their income on rents had jumped by eight percentage points to 68% in the past six months to June 2021, with tenants in both cities, suburbs and regions struggling to keep up with rising rents.[70]

Regional rental stress is especially troubling. Public research commissioned by the SDA identifies housing affordability as a pressing issue in these communities. The 'State of the Regions' Report (see Appendix A) canvassed 1088 Australians living outside metropolitan centres in June 2021 to get feedback on the impact of the pandemic on life in regional areas.[71] While the research found that the pandemic experience has been largely positive – communities are growing and residents acknowledge they have not borne the same impact as major cities – migration is both transforming regional areas and intensifying pressure on over-stretched, under-funded regional services and amenities. Rising housing prices are fueling a growing divide between renters and owners as regional property markets heat up, with lower income families particularly vulnerable to increased rental prices. The findings place in stark relief a growing crisis in regional housing affordability spurred by a flight of people from cities as lockdown opened up possibilities of remote work:

- 41% of respondents reported increases in house and rental prices in their region.
- 44% of respondents were concerned that the high prices were forcing local people out of the housing market.
- 53% of new residents are living in rental accommodation compared to 31% of existing residents.
- 64 per cent of renters rate high rental and housing prices as a main concern for the future health and liveability of their local area.

In addition, CoreLogic's Quarterly Regional Report revealed the annual growth rate of combined regional dwelling values (13%) was more than twice that of the capital cities (6.4%) in the 12 months to April.[72] Looking specifically at regional Victoria, even the state's most affordable price of $160 per week for a rental in Warrnambool, Warragul and Wangaratta would require 42% of one's unemployment support payment.[73]

Economic insecurity, exacerbated by COVID, is a major factor in growing housing stress. Too many Australians want for work and more secure incomes. Other factors contributing to housing stress include inadequate supplies of affordable housing and light touch regulation of the private rental market. Aside from the economic and emotional strain on individuals and families, notably low-to-moderate-income demographic groups,[74] housing affordability stress is a risk to our economic recovery, hitting disposable incomes and consumer confidence, and harming productivity – the key driver of higher wages and rising standards of living.[75]

Housing stress must be addressed as a matter of urgency by the commonwealth if the national economy is to recover in the years ahead. Making housing more affordable, its supply more effective and targeted, and lifting home ownership rates, can and must be done in tandem with making the renting experience better. As it stands, Australians are covered by a patchwork set of state and territory government laws covering the rights and responsibilities of people renting privately. While progress on rental rights has been made in several jurisdictions – notably laws enacted by the Victorian and NSW governments – there is a need for a national conversation over how Australia deals with the structural shift to higher and more permanent numbers of renters, considering economic and community costs.

4. What policies should be avoided?

First-home owner grants

As noted previously, the major focus of housing policy in recent decades, by state and federal governments, has been boosting home ownership through demand incentives such as first home buyer grants. The First Home Owner Grant (FHOG) scheme was introduced on 1 July 2000 initially to offset the impact of the GST's implementation on home ownership. Operating on a national basis, the scheme is funded by the states and territories and administered by separate legislation.

Under the scheme, a one-off grant of $7000 is payable to first homeowners that satisfied eligibility criteria. It was temporarily tripled by the commonwealth during the 2008-09 GFC for first time purchasers buying or building a new home as an economic stimulus measure, ending in 2010 while the state-based schemes continued, with adjustments made to grant amounts and offsetting stamp duty costs. This measure looks attractive at face value but has translated into higher prices, described as a "seller subsidy".[76] The evidence shows that grants to home buyers actually make housing less affordable, typically passed through into higher house prices, which benefits sellers more than buyers.[77]

Typically, first home buyers with less than a twenty per cent deposit need to pay lenders' mortgage insurance. Under the federal government's first home loan deposit scheme which began on 1 July 2020, eligible first home buyers can purchase a modest home with a deposit of as little as 5% (albeit with lending criteria applying). This is because NHFIC guarantees to a participating lender up to 15% of the value of the property purchased that is financed by an eligible first home buyer's home loan. The scheme supports up to 10,000 guaranteed loans per financial year.[78] Since the commencement of the scheme a year ago, 15,000 first home buyers have settled and moved into their property.[79] In January 2020 (before the pandemic) new loan commitments were valued at $19.757 billion. That figure rose to $32.124 billion in July 2021.[80] Indeed, the evidence suggests that first-home buyer activity helped to push house prices up 6.6% to May 2021.[81] Although there were about 2,000 fewer home buyers in April 2021 compared to March 2021, on average they borrowed about $16,000 more, with the average loan size hitting $451,516 compared to $435,234 the previous month. Meanwhile, investor loan commitments have risen from $4.225 billion in May 2020 to $9.352 billion in July 2021, the highest total in our history excluding March and April 2015.[82]

As Brendan Coates of the Grattan Institute has remarked, the scheme and its counterparts make housing less affordable by raising house prices: "Those who benefit from the scheme get a leg up and those who fall outside of the scheme, house prices rise [for them] and they become less affordable."[83] Furthermore there is a risk involved for borrowers in that once they've committed to large loan and interest rates rise there may not be adequate protections in place.[84] ABS data has revealed that the average deposit to secure a mortgage is now $106,743. This is an increase of 16% – or $14,851 – compared to January 2019 – marking the first time the average deposit has been in the six figures.[85] This month Westpac, the country's second largest mortgage lender, declared its preferred measure of housing affordability, the time taken to save a deposit for an average house, was close to its worst in thirty years.[86] As noted below, whilst there has been an uptick since 2020 in new first home buyers, there has also been an uptick in the value of loans taken out despite government assistance by way of grants and percentages. This indicates that there is a strong correlation between greater accessibility for first home buyers by way of government intervention (in this manner) and inflated prices. So, whilst more first home buyers can purchase property, the mortgage debt burden they're saddled with is much higher household debt, effectively locking other first home buyers who can't access the assistance out of the market and also placing more home buyers into housing stress.[87]

Finally, there is the fact that government is paying money to people who will enter the market anyhow, with the possible exception of the recently established Family Home Guarantee, which aims to deliver 10,000 loan deposit guarantees over four years to single parents, allowing them to purchase a home with a deposit of just 2%. This argument also applies to the COVID HomeBuilder scheme which offers homeowners (including first home buyers) a grant of $25,000 to build a new home worth less than $750,000 or to spend between $150,000 and $750,000 renovating an existing home. The scheme is limited to owner-occupiers with reported incomes below $125,000 for singles and $200,000 for couples.[88] The crucial point is this: despite first home owners schemes being aimed at short-term electoral cycles, these temporary solutions tend to become permanent, creating long-term problems of affordability and supply. As the economist Saul Eslake notes: "It's hard to think of any government policy that has been pursued for so long, in the face of such incontrovertible evidence that it doesn't work, than the policy of giving cash to first home buyers in the belief that doing so will promote home ownership."[89]

Raiding superannuation

One idea floated in recent times proposes that commonwealth government legislate to allow Australians to directly dip into their superannuation savings to buy their first home. This would be a dramatic departure from the existing First Home Super Saver (FHSS) scheme, introduced in the 2017/18 commonwealth budget, which ostensibly helps eligible first-home buyers save for a house deposit through voluntary (not employer) super contributions of up to $15,000 each financial year, which have the added benefit of being taxed at a discounted rate of 15%, i.e. lower than one's personal income tax. These monies are later withdrawn to pay for a deposit on a first home. Presently, first-home buyers can withdraw a maximum of $30,000 of voluntary contributions through the FHSS, however from 1 July 2022, the maximum releasable amount will be increased to $50,000.[90] The scheme has comparatively few users: between 1 July 2018 and 31 March 2021, FHSS amounts were paid to just 18,492 individuals totaling around $247 million. Further it has the added disadvantage of contributions not earning the same rate as normal voluntary contributions.[91] Central to the latest proposal is letting first-home buyers directly access their retirement savings to enable putting down housing deposit, one of the major impediments to entering the property market. The overwhelming evidence suggests, however, in the manner of Australia's long and ultimately unsuccessful record of first-home buyer grants, that raiding (many already) depleted superannuation balances will only act to further push up property prices. The consequences would be two-fold: locking out young aspirant first homebuyers and/or locking young buyers into paying off inflated mortgages. Already data from Trading Economics reveals that, between July 2020 and July 2021, the national value of housing loans for owner-occupied homes has mirrored the sharp increases in prices rising from $14bn to just less $23bn.[92] In effect, this would act further as a wealth transfer from purchasers to existing owners. It does nothing to address the core reasons Australians, especially younger Australians, struggle to enter the property market: weak wages growth and insecure work which prevents them from saving up for a deposit or securing a mortgage, and investor-dominance of the market through various tax concessions and demand-induced subsidies.

Furthermore, this proposal will weaken Australia's national savings at the worst time possible. The commonwealth government's COVID early access super scheme (allowing people to withdraw up to $10,000 from their accounts in the 2019-20 financial year and another $10,000 between 1 July 2020 and 24 September 2020) implemented in the early stages of the pandemic for those suffering financial hardship resulted in Australians, de facto coercively, into raiding tens of billions of dollars from their superannuation accounts during 2020, effectively self-financing the nation's safety net and economic recovery in place of government assistance.

An estimated 600,000 plus Australians have reduced superannuation balances to zero,[93] widening the generational wealth divide discussed above, given that young people have borne the brunt of the economic crisis. There were 3.4 million initial applications and an additional 1.4 million repeat applications from those who had already accessed their super at least once.[94] Thus millions of Australians have accessed up to $20,000 of their super balances since the scheme began on 20 April 2020 and ended in December last year – more than $35 billion had been paid out to super fund members. Much of those monies has been withdrawn by young workers, who dominate the severely affected tourism, hospitality and retail sectors. More than 463,000 of early access scheme participants were under the age of 30, constituting nearly a third of the national total, and who likely wiped out all their early retirement savings. Furthermore, almost 23,500 were under the age of 20 while another 172,100 were aged between 21 and 25. Almost $3 billion come out of the accounts of those aged under 30. Among 26 to 30-year-olds, the average withdrawal was $8530. While accounting for more than half of all people accessing their super early, people under the age of 35 took out 46% of monies. The single largest age group to access their super early were those aged between 26 and 30, people we would assume to be the next generation of prospective first homebuyers. Industry analysis estimates that a 20-year-old who accessed the full $20,000 available under the scheme will lose more than $120,000 from their retirement balance; 25-30 year olds up to $100,000 worse off; a 35-year-old will be at least $65,000 worse off, and a 40-year-old could lose more than $63,000.[95] Collectively, under 35s will be at least $51bn worse off at retirement.[96] APRA data suggests a quarter of super accounts accessed had less than $1000 left in them after the cash was withdrawn and 163,000 super accounts were fully depleted.[97] Renters were especially prone to accessing the scheme, given a strong correlation with rental unaffordability. A December 2020 AHURI survey found 40% per cent of respondents whose rent became unaffordable as a result of COVID applied for early release, compared to 15% whose rent had remained affordable. The survey further found that 16.9% of private tenants applied. A further 3.3% indicated that they “preferred not to say”.[98] Allowing aspirant first homeowners to dip into their super balances would further deplete Australia’s national savings and the retirement savings of individuals, that’s of course if they have balances to draw upon.

The SDA acknowledges that without government COVID-19 assistance for many newly unemployed and/or underemployed Australians, the scheme became a necessary evil. Yet with many young Australians effectively reducing their super balances to zero, this will harm their retirements and ultimately leave the commonwealth footing the bill for higher pension payments in the future, as well as depleting Australia’s enviable national savings pool of over $3 trillion. Economists predict that the measure will cost the budget at least $300 million a year long term as a direct result of reduced superannuation balances.[99] This will impact most severely on young Australians, including the thousands working in retail industries.

The early access scheme and its consequences must inevitably inform policymakers when considering options for increasing home ownership and housing affordability. In effect, any policy proposal allowing access to super to fund deposits would compel Australians to choose between buying a first home and risking their financial security in retirement. It exacerbates an existing problem with falling super balances and harm first homeowners over the long-term. Rather, housing policy should encourage people to hold a diverse asset base for later in their lives. Finally, raiding super accounts would do nothing to increase the amount of housing stock.

In addition to inter-generational questions, policymakers should also consider the gender imbalances in respect of such super proposals. Any such policy will entail significantly higher costs to Australian women whose median superannuation balance at retirement is already 21.6% lower than men.[100] Data tells us that 90% of women will retire with inadequate retirement savings and one in five women who have yet to retire possess no superannuation at all. Women currently retire with 47% less superannuation than men despite women living five years longer than men on average. Analysis from AMP, a major bank-owned superannuation fund, found that financially distressed women were withdrawing a larger proportion of their super than men and were more likely to clear out their entire super savings compared to their male counterparts. With the average superannuation balance for a woman in her early 40s at just under $62,000, a withdrawal of the maximum is likely to wipe out the compound interest on their superannuation.[101] Allowing aspirant female homeowners to raid superannuation balances would further deplete Australia’s national savings and individual retirement savings of individuals, again of course if they have balances to draw upon.

5. What policies should be pursued to improve housing supply and affordability?

Tax and transfer settings

Notwithstanding the observations made above, supply-side factors are an important part of fixing the national housing market. Reform of tax settings is required so that investors perceive property as a long-term source of rental income and less as a short-term capital gain opportunity. First, this can spur an investment boom in social and affordable housing, including build-to-rent and build-to-rent-to-own, and reduce the stress of lower-to-middle income households. Building such housing at scale would give tenants an alternative to purely private rentals, so landlords would have to offer them a better renting experience, or else run the risk of losing their tenants. Additionally, a large-scale expansion of build-to-rent, on the provision that proportions are set aside as genuinely affordable housing, by improving the tax incentives attached to such construction, would stimulate quality private rentals and provide greater tenure security. Given the overwhelming majority of negative gearing deductions flow to existing brownfield housing, we strongly recommend that the committee should consider tax settings that improve supply and boost construction of rental properties that don't overwhelming favour property speculation.

Build-to-rent-to-own

Australian policymakers need to pursue options which will enhance home ownership by boosting supply, but which see renting as an equally legitimate option (more than 40% of Australians now rent by choice after all).[102] An important development is the advent of build-to-rent-to-own (BTRO), a twist on build-to-rent (discussed below). This pathway to home ownership allows residents to rent an apartment for up to five years with the option of buying at the end of the lease secured by paying a refundable amount of one per cent of the purchase price – we might term these entrants into the housing market 'rentvestors'. It has particular appeal to singles or newly singles, especially single women with children, and is flexible.[103] The rent is agreed up-front and calculated at a market rate, which gives renters a level of stability while they save over a seven-year period and become ensconced in a community. The purchase price is also agreed up front and is calculated as the current price with fixed 1.75% increases per year over seven years (two years of construction plus five years of leasing). Unlike another model, known as rent-to-buy, where tenants pay above market rental rates towards a deposit, tenants do not contribute to a deposit and simply pay market rental rates, so they are not locked into buying. Moreover, this model works by allowing prospective purchasers input at key stages prior to the construction phase, providing rights akin to that of a landlord in an owners' corporation, stimulating a sense of ownership, and better aligning the interests of developers and residents.[104] This model requires prudent regulation by government of course and Victoria has led the way.

Australian Super, Australia's biggest superannuation fund, recently determined to take a 25% equity stake in the affordable housing developer Assemble Communities' platform. Australian Super expects to invest several hundred million dollars annually in the company's pipeline of 'build-to-rent-to-sell' homes that occupants rent for five years before purchasing at a fixed market price set today, with rent offsetting the cost of purchasing the property or providing for a discount, making possible institutional investment in an innovative, scalable housing platform model, with provision for essential worker tenancy components. The first Australian Super investment project is Assemble's 198-unit development in Melbourne's inner north-west suburb of Kensington – which has received high interest and demand. The properties are targeted at households in low- to moderate-income bands defined by the state government.[105] A number of Assemble's 3 apartments have been set aside for workers such as nurses and educators. Indeed, Assemble's stock is targeted at low-and moderate-income earners – with 20% delivered at half the market rent and 30% to 15 20% below market rent.[106] Assemble also offers financial coaching and bulk-buying initiatives for internet, utilities, and farm-direct groceries to help renters save for their deposit.[107] Assemble's first development was a partnership with Wulff Projects and Icon Developments in the inner-north suburb of Clifton Hill, comprising 48 apartments and 18 townhouses. Like build-to-rent, it faces a number of significant hurdles in relation to the property tax landscape.[108] Nonetheless, build-to-rent-to-own is a potential middle road, or 'third way', between owner-occupied housing and private/public/community renting boosting affordable, secure housing. In addition, this model has the potential to involve the expertise of the community housing sector.[109]

Build-to-rent

Another development is the push for large-scale institutional investment in affordable housing, known as build-to-rent (BTR). This describes a business model for residential construction where the developer intends to be the property manager of the building rather than sell individual dwellings to mostly individual 'Mum and Dad' investors and owner-occupiers. BTR apartment blocks are built specifically to be rented, usually at market rates, and held in single ownership as long-term income-generating assets. The 'enduring' owner could be an Australian superannuation fund, a private equity firm, insurance company, or the building's developer with high and continuous rental streams, linked to general inflation. BTR offers housing options across the full spectrum of privately rented accommodation in terms of scale and service offering, often with affordable housing directly integrated into its design through discounted homes. In the BTR model, there is potential for better alignment between the interests of tenants and interests of property owners (both are seeking long-term secure rental contracts) than in the small investor market when individual owners may want or need to make their property asset liquid within a short time frame. The BTR model is common in the United States and Britain but its progress in Australia has been hampered by tax treatment and lukewarm enthusiasm from developers. Tax reform would help stimulate this emerging sector, for instance by giving institutional investors in rental housing the same benefits of ownership as any other investment grade asset, perhaps on the proviso that a certain percentage of BTR developments is specifically set aside for affordable housing for medium- and long-term tenure.

The two key impediments are land tax (state land taxes are levied on the basis of individual dwellings not the entire holding and are consequently significantly higher than other property asset classes) and GST.[110] In the latter case the treatment of housing is a complex area and would require broader consumption tax reform. In the former case, land tax on underlying land values means a single owner faces a large bill, while investors who own one or two apartments do not. In the latter, the GST treatment of BTR and build-to-sell differs. GST is embedded in acquisition and development costs; thus, it is not creditable for BTR but it is creditable for build-to-sell. In addition, overseas-based BTR investors are subject to a higher tax rate on market-rent residential investment than other asset classes which is a significant impediment given that global funds would be likely ‘first movers’ in establishing a new institutional funding asset class.[111] Given unfavourable tax treatment, BTS developers have consistently been able to out-bid BTR developers for prospective land acquisitions, holding back its rollout.

The Australian BTR sector could potentially contribute to overall housing supply, achieving the elusive policy aspiration of engaging superannuation funds, insurance companies and other financial institutions in rental housing provision. To be sure, the COVID Co-ordination Commission explicitly discussed with super fund trustees “harnessing the collective power of Australia’s $3 trillion pool of super capital” to inject large-scale investment in affordable housing.”[112] Overseas, institutions such as pension funds and insurance companies have been very active in residential investment in countries where private rented residential property accounts for a much larger part of residential stock such as Germany (60%) and the United States (32%). In the United Kingdom, long-standing fears of rent control and other reputational concerns related to the residential rental ownership have dissipated. Since 1990, and especially after 2010, the percentage of UK housing stock in the private rented sector has grown from 9% to 19%, mostly due to a BTR investors, especially in London.[113] Under its North American name, “multi-family housing”, BTR has generated more than 6.3 million new apartments since 1992 in the United States. These now account for some one in six of America’s rental homes. National BTR output has been running at around 300,000 units annually for at least four decades. In Britain, the BTR sector has led to 68,000 units built or under construction from 2012 to the end of 2018.[114]

BTR has the potential to generate more affordable and secure housing at scale for those experiencing stress in the private rental market. Two ingredients are essential: significant, indirect government support and tax and planning concessions. First, ideally, housing at rents affordable to low- or moderate-income earners would be included in predominantly market-rate BTR schemes, underpinned by more generous CRA payments. Second, favourable tax treatment can buttress BTR in two ways. On the one hand, land tax concessions are one means by which state governments can encourage large-scale construction by a single investor in preference to small-scale 'Mum and Dad' investors and traditional build-to-sell developers. The most significant impact on BTR returns would arise through re-balancing state/territory government land tax and reforming GST treatment. Yet in another sense, the tax system already incentivises BTR for non-profits organisations, given pre-existing tax advantages that go along with this institutional status. Equipped with sufficient capital and allocated with federal or state-owned land at discounted rates, community housing providers can construct affordable rental housing at a significantly lower cost than for-profit entities and with less subsidy.[115]

BTR projects are underway or have been completed, mainly in inner Sydney and Melbourne. Eight BTR projects have been built or announced across Australia since 2017. BTR has recently received explicit support from the NSW government. The Berejiklian government has enacted land tax and stamp duty to support new BTR housing projects in an Australian-first. Specifically, NSW will give a 50% discount on land tax to developers who invest in BTR schemes to boost construction during COVID recovery, along with a new planning policy that includes proposed development standards for BTR projects, focusing on design guidance on context and character, sustainability and amenity. (The Victorian government followed suit in its 2020-21 budget by providing a 50% land tax discount, while Queensland offers concessions and is piloting its own scheme). This builds upon developments on the ground. Large property developer Mirvac recently completed one of Australia's first BTR projects 'LIV Indigo' at Sydney Olympic Park. Crucially, the project includes the removal of security bonds.[116] The NSW government is progressing its own development in Redfern, comprising 400 homes, a mix of social, affordable and private rental housing. In the case of 'LIV Indigo', which is backed by the Clean Energy Finance Corporation, tenants can stay as long as they like if they met lease conditions and have the right to renew on a rolling one-year basis. Mirvac has several projects in the pipeline backed by JPMorgan, UBS and Macquarie Capital, with a potential end value of $6 billion, including three projects in Melbourne. There are estimates that BTR could eventually transform itself into a $300 billion sector.[117] A key means of stimulating this emerging sector is by attracting superannuation funds as investors, possibly through housing bonds. For years now, Australian superannuation funds have invested in affordable housing projects overseas because there has not been the ability to do so here, with the exception of growing industry fund activity. BTR properties would provide predictable securitised rental returns to super account holders and expand supply in the market for affordable housing: a rare 'win, win' for investors and renters.[118]

Governments can provide further incentives to encourage super funds and other private sector enterprises to invest in affordable housing, rather than chasing higher returns in overseas built-to-rent projects, through discounted or essentially free-to-lease public lands, on the proviso that a certain per cent is set specifically aside for low-income worker housing. It goes without saying that this is not intended to be a replacement for government investment in social housing – either as public housing owned and managed by state housing authorities or as community housing owned and managed by not-for-profit housing providers. It is commonly anticipated that BTR in Australia will initially take the form of large high-density developments (usually exceeding 200 dwellings) in inner city and well-located middle suburb capital city locations, focused on Melbourne and Sydney. This platform's spread to other cities, including regions, and lower-density construction should be encouraged, but will require government providing superior planning, design and tax support, with clearly enunciated targets around retaining moderate income residents in well-serviced areas through inclusionary zoning that mandates a percentage (between 10 and 20%) of affordable housing earmarked for every new development. State governments can promote its development through supply-side mechanisms such as loan guarantees in return for rent guarantees, land tax discounts and council rate exemptions, and disallowing conversion of multi-family rental buildings to condominium, creating a level playing field for investors. These actions must be paired with national efforts to demand-side issues, and necessity of uniform national tenancy laws that provide tenants with much greater protections than they have at present such as security of tenure through stronger rights to long-term leases; limiting annual rent increases; and far stronger regulation of rent evictions.

BTR could include refurbish-to-rent given that large amounts of public housing stock is of poor quality, and some of which is so poor it is uninhabitable. Refurbishing could be a policy that gets many more housing units into circulation than building new stock. To gain traction, BTR requires significant capital outlays and the patience necessitated by long-term investment, as well as targeted government support. BTR is not a silver bullet, but it can form part of a holistic national policy solution. BTR should not be seen as a simple alternative to improved stability of tenure provided through better regulation. Indeed, stronger uniform tenancy laws to protect renters should be explicitly linked to support for the development of BTR. BTR is a significant widening of choice. It can potentially contribute to a more stable, secure sector that responds to Australia's shift towards more European-style housing, where people can happily rent for life without being penalised financially. BTR is not just about building buildings; it is about building communities. Reducing tax incentives that invite speculation – and therefore drive up capital returns for housing investment – are an important way to ensure long term rental does not create compounding inequality. Yet without a strategic national agency, integrating tax reform, land release, fast-tracking planning, and income support, a BTR sector will not generate secure, affordable housing at genuine scale.

Community Housing

Easing the pressure on the private rental market can also be informed by developments in the community housing sector and best-practice coordination between different layers of government. Community housing should be seen as complementary to public and private, for-profit initiatives and the existing stock of state-run public housing. It has underpinned the growth and viability of the fairest and best-performing social housing systems in the world such as Sweden, Denmark and the Netherlands. In this model, management and/or ownership of land (including allocated land owned by the state) is vested in not-for-profit community organisations aimed at long-term affordability and tenure security akin to public housing. Management thus can be run along the lines of innovative co-operatives and housing trusts. Providers are innovative, flexible not-for-profits who have taken calculated risks and proven adept at responding quickly to the needs of residents. One reason for this flexibility is that, unlike government instrumentalities, community providers can borrow against their assets – allowing the NGO sector to monetise existing assets in ways that are consistent with broader public benefit. The federal government's National Housing and Finance Corporation's strategy of offering community housing agencies access to lower-cost loans is a positive development by which this sector might form one part of the national jigsaw of housing affordability.[119] Community housing is especially skilled at housing particular cohorts, for instance Women's Housing Limited and Aboriginal Housing Victoria, and other marginalised demographics. Their tailored housing options offer wrap-around services for very low-income residents in need of both shelter and care. This saves governments money that would otherwise be used to fund homelessness organisations. The NSW Government has successfully used a community housing model, along with a mixture of discrete private ownership to drive urban renewal in major housing precincts. The mixture of affordable housing, public housing and private ownership, often directed towards long-term public housing residents has helped revitalise distressed urban suburbs.

Public Housing

An adequate supply of public housing is another part of this housing affordability equation, preventing our most disadvantaged citizens being forced into private rentals or homelessness, what one witness to the 2015 Senate Economics Committee described as a "brutal place" for poor Australians. The shortfall of social housing stands at 437,600 as of 2019 and is forecast to rise an extra 291,100 by 2036.[120] Adequate social housing enables dignity, flexibility and vital support to those that need it most. Furthermore, ongoing construction of new social housing stock provide the government with flexibility in terms of asset recycling programs and debt gearing via the community housing sector and broader economic stimulus.

Fit for National Purpose

Investing in all shades of affordable housing and seriously tackling housing stress requires better coordination across different levels of government and more assertive national leadership. There is clear impetus for the establishment of a new national peak agency specifically tasked with driving a holistic approach to affordable, secure housing including short, medium- and long-term housing targets, reporting directly to a dedicated federal cabinet-level Housing Minister. A short-term target of 200,000 new dwellings built to 2025 is a realistic aim as part of a commonwealth and state government housing stimulus. Australia should be aiming to build 100,000 a year to the end of the decade. This would provide immediate stimulus while addressing housing stress and security of tenure.

6. The SDA's five-point national housing affordability plan

1. The Commonwealth should urgently **establish a new, permanent National Affordable Housing Agency (NAHA)**, ideally a statutory body, similar to the defunct National Housing Supply Council, and **the federal Housing Minister should be elevated to full cabinet level**. NAHA's key aim should be to ensure secure and affordable housing for all Australians, whether they own homes, wish to buy a home or choose to rent. An institutional mechanism is required to bring all levels of government together to a develop a strategic approach to affordable housing, including a role for community and social housing.

   The NAHA would work through the Housing Ministry and engage with government agencies, not-for-profit organisations, industry bodies and associations, superannuation funds, and housing policy experts to formulate policy. Crucially, the agency's terms of reference would identify the economic, social and community costs of an expensive high-stress, insecure private housing and private rental market activity and plan long-term structural remedies by way of coordinating commonwealth, state and local government efforts to plan, build and maintain a pipeline of innovative affordable housing models such as build-to-rent, build-to-rent-own and community housing, partnering with stakeholders to bring complex and large projects to market. Particular attention should be given by the proposed NAHA to crisis accommodation/alternative housing options and long-term affordable accommodation options for those experiencing family and domestic violence and women over 55 years of age. Within eighteen months of its establishment, NAHA, state and territory governments, the National Housing Finance and Investment

Corporation (NHFIC), and other stakeholders should **produce a National Affordable Housing Plan** including a dedicated **Regional Community Housing Program** to address specific concerns and needs**.**

2. The transformation of renting in Australia to a mainstream, non-transitional from of housing requires the NAHA to oversee a **dedicated national policy agenda aimed at maximizing the affordability and security of tenure of renters**. First, the commonwealth should work with state, territory and local governments to evaluate tax and other changes to **facilitate significant institutional investment**, particularly by superannuation funds, in large-scale construction of build-to-rent and build-to-rent-to-own models. Reform such as land tax changes, inclusionary zoning, and subsidies, be that land or rent. These residences should be focused on well-located, high-quality housing proximate to employment and community support networks and built with a view towards balancing sociability, as well as energy-efficient design. Build-to-rent/own is not only as an ideal vehicle for housing stimulus but a means towards another end: the aim for renters in this sector should be to cultivate a sense of pride, security and ownership that is indistinguishable from owner-occupied homes. Indeed, the task ahead of NAHA is not just to build buildings but build communities.

3. Another task of the NAHA should be **building up the capacity of community housing to help alleviate housing stress**. The state is not necessarily the best provider of housing. Smaller organisations, closer to the community can often do a better, more agile job. This would build on initiatives announced in the 2017-18 commonwealth budget aimed at enabling not-for-profit associations to build more housing such as the NHFIC. The commonwealth can also provide more support for more public housing construction by the states and territories. This would give Australia the winning quadrella – affordable private rental, community housing and public housing, as well as addressing the committee's core concerns around housing affordability and supply, with a particular focus on low to moderate-income renters and homeowners.

4. Linked explicitly to the expansion of build-to-rent/build-to-rent-to-own, the NAHA should also **investigate the viability of establishing basic guidelines around a national charter of renter's rights and responsibilities**, setting national minimum standards around security of tenure, quality of private rentals, modifications to properties, fair rent increases, security bonds (including ending the 'dead money' practice of rental security bonds not delivering for renters and establish a bond waiver system for women and families fleeing domestic violence) and protection from predatory landlords. We recommend that uniform tenancy laws should be based upon the assumption that tenancies are ongoing as in Germany, and the inability for a property owner to evict without good reason – such as needing to live in the

property themselves. Our national housing laws must stress that security of tenure is paramount. Ideally, this should be paired with providing incentives for landlords to offer long-let rentals. A charter should also spell out rights and responsibilities that specifically apply during Black Swan events such as COVID-19, crafted in consultation with government, tenants and tenants' associations, landlords, real estate agents and single-owner managers. Germany is the best-practice country which the NAHA can seek to emulate in Australia. This pandemic will not be the last of its kind and we need to be much better prepared next time.

5. Finally, to address rental stress, the federal government, through the existing mechanism of Commonwealth Rental Assistance (CRA), should **permanently increase the levels of rent assistance to eligible, lower income individuals, women (especially targeted at those aged 55 and above) and families**. Specifically, CRA should be substantially increased, and indexed to changes in the rents ordinarily paid by recipients, so that its real value is preserved over time, (recommended by the Henry Tax Review). Support for an increase is broad based, ranging from the Productivity Commission, the Business Council of Australia, the Australian Council of Social Service, CatholicCare Social Services and the St Vincent de Paul Society, and, homelessness advocacy groups. Higher CRA payments will be necessary if, as predicted, more and more older Australians do not own their homes and are renting in retirement. Strategically paired with investment in build-to-rent and build-to-rent-to-own, and expansion of community and public housing, this structural change to renter's income would have the added benefit of attracting investment into affordable housing by generating a more acceptable rate of return to investors, which is to say nothing of the stimulatory effect on disposable incomes and that created by large-scale residential construction.

In his seminal May 1942 'Forgotten People' broadcast, then former prime minister Robert Menzies paid homage to the inherent virtues of homeownership. "The home is the foundation of sanity and sobriety", he insisted, "it is the indispensable condition of continuity; its health determines the health of society as a whole." For Menzies, the home was not merely a physical or "material" asset, and the result of hard work and thrift. In lauding the importance of "homes human" and "homes spiritual", in Menzies' view, the home and the ideal of home ownership spoke to a basic human need for security, stability, and dignity. Indeed, it was signal evidence of national progress.[121] The SDA urges the House of Representatives Standing Committee on Tax and Revenue Inquiry into Housing Affordability and Supply in Australia to seriously consider our practical suggestions for keeping Menzies' noble dream alive.

[1] This submission was prepared with the assistance of the John Curtin Research Centre, and draws in part on *Rental Nation: A Plan for Secure Housing in Australia*, Policy Report No. 5, 2020. (Appendix B)
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Appendix A: Rationale for SDA policy positions

SDA policy is driven by providing value to our members whose work is regulated by a broken industrial framework. We seek an economic system that supports, protects and advances the interests of working people in this country.

Our predecessors built the conciliation and arbitration system which provided the foundations to our nations prosperity over a century ago, it is now our responsibility to build a system for the next generation.

Since the introduction of the Fair Work Act 2009 and subsequent radical changes to the financial and digital context inequality has grown and economic and political power has concentrated in the hands of a few.

We believe that fundamental not incremental change is needed. In contributing to policy, we seek to drive a new system that acknowledges the change that has occurred and will withstand the emerging world of work.

We engage in topics that help us drive this agenda and are guided by ten principles that we believe will create value for our members. Those principles are:

1. **Address Inequality & Enshrine Fairness**
   Minimum expectations must be set and adhered to.

2. **Equity & Empowerment**
   All workers must be supported to progress so that no-one is left behind.

3. **Mobility & Security**
   A socially successful economy must provide opportunity for all, regardless of their background. Systems must be built in a way that support success and adaptation in a rapidly changing world of work.

4. **Delivering Prosperity & Growth For All**
   A foundation for prosperity and economic growth must be achieved.

5. **Protection in Work & Beyond**
   Workplaces and the community must be healthy and safe for all workers and their families during and beyond their working lives.

6. **Workers Capital & Superannuation**
   Workers capital and superannuation must be an industrial right for all workers and treated as deferred earnings designed for dignity and justice in retirement.

7. **A Strong Independent Umpire**
   A strong, independent, cost effective and accessible industrial umpire and regulator must be central to the future system of work in Australia.

8. **Protection & Support for Our Future**
   Protecting and supporting our future requires a strong and vibrant retail industry and supply chain providing jobs with fair and just remuneration and contributing to the economy including through skilled workers.

9. **Work & Community**
   Work is a fundamental human activity that provides for personal, social and economic development. Work as it operates in community must build and protect a balance between life at work and life so that workers can contribute to society through the wider community.

10. **Institutional Support for Collective Agents**
    Institutional support must provide for collective agents (registered organisations) so that they are recognised, enshrined and explicitly supported as central to the effective functioning of the system.

Details of specific policy positions can be discussed by contacting the SDA National Office.

Appendix B: State of the Regions Report

State of the Regions Report

September 2021

A snapshot of regional Australia in a time of pandemic

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64%

of regional renters are concerned about housing affordability

44%

worry about job opportunities for young people

43%

see recovery from the pandemic in their area

Report Findings at a Glance

The pandemic experience has been largely positive for regional Australia - communities are growing and residents acknowledge they have not borne the same impact as major cities.

Migration from urban areas is both transforming regional areas and intensifying pressure on over-stretched, under-funded regional services and amenities.

People who are entering these communities are younger - providing opportunity to harness energy and enterprise to create thriving communities.

Rising housing prices are fueling a growing divide between renters and owners as regional property markets heat up, with lower income families particularly vulnerable to increased rental prices.

There is added demand for services as populations expand with particular concerns about access to health and education.

The future prosperity of regional Australia must be built on secure, well-paid jobs and supported by targeted government services.

Major retail outlets are an anchor point of regional economies and people recognize that supporting local retail flows brings benefits through the community.

There is a residual sense that government focuses on the cities not the regions, but the increased general trust in government though the pandemic provides an opportunity to reset the relationship between regional Australia and their elected representatives.

There is a generally positive attitude towards the unions and the role they can play in supporting regional communities by advocating for more secure, well-paid jobs.

The future is not about recovery it is about making the most of new opportunities for regional Australia to thrive.

Background and Research design

Objectives

- Investigate the differences in lifestyle, opportunities and challenges for people living in diverse communities within regional Australia
- Understand how the pandemic has impacted the lives of people living in these communities
- Establish the demands of regional areas as leaders plan the recovery from the pandemic to build stronger, more vibrant communities
- Provide an overriding framework and messaging for SDA to engage with regional communities about the issues affecting them

As a result of the Covid-19 pandemic, the demographics of regional Australia is changing at an unprecedented rate.

Regional Australia is becoming more enticing for metropolitan residents to live in as movement restrictions implemented during the lockdowns has highlighted how achievable remote working is for many jobs. Regional communities are already seeing an impact, with housing prices increasing, along with demand for services.

This change creates opportunities and challenges for SDA and its' members across the nation, as more retail jobs will be required to support the growth in regional areas.

This report summarizes the findings of online overtime focus groups with general public members in regional communities and SDA members; and an online survey of regional communities.

QUALITATIVE MODULE **Online overtime focus group**	QUANTITATIVE MODULE **Standalone poll**
Fieldwork: Tuesday 8th June – Thursday 10th June	**Fieldwork:** 6th June – 23rd June 2021
Sample: n= 20 nationally	**Sample:** n= 1,088 nationally
Recruitment: All soft-voters Good mix of gender, age, levels of education and locations Approximately 90 minutes time investment on behalf of participants $120 incentive per person	**Recruitment:** Australian residents aged 18+ living in three pre-designated regional areas. These areas were defined using population data obtained from the Australian Bureau of statistics 2016 Census data. The sample was stratified to include a minimum of n=330 participants within each regional area. Quotas are applied within each stratum to be representative of the target population by age and gender. RIM weighting is applied to the data using information sourced from the Australian Bureau of Statistics (ABS). The factors used in the weighting are age and gender. The weighting efficiency of 84% provides an effective sample size of n=912 and a maximal margin of error of ±3.2% (at a 95% confidence level). This project was administered by Essential Research with sample provided by Qualtrics from online panels. The survey took an average of 10mins to complete. Participants were invited to participate and completed the survey online without an interviewer present and incentives are offered for participation.

This report contains the findings from both research modules.

This report contains the findings from both research modules.

There is no one ‘regional Australia’

This research was completed by allocating respondent to three main areas within regional Australia based on their residential postcode.

All states and territories (excl. ACT) were included, though may not have been eligible for all areas (e.g. no cities in WA or SA fit the eligibility criteria for the ‘Regional Cities’ definition.

Capital Cities, Remote and Very remote areas were excluded from this project.

Regional Cities

Major metropolitan areas including Wollongong, Central Coast, Newcastle, Gold Coast, Sunshine Coast and Geelong

Country Towns

Individual Postal Areas with population greater than 20k. and in inner/outer regional Australia* e.g. Muswellbrook (NSW), Cairns (QLD), Mt. Gambier (SA), Geraldton (WA)

Rural Areas

All other areas in inner/outer regional Australia

*Population by Postcode and definition of inner/outer regional areas sourced from Australian Bureau of Statistics (ABS) Remoteness Structure: https://www.abs.gov.au/websitedbs/D3310114.nsf/home/remoteness+structure

Life in regional Australia is a Good Life

Regional Australia is a great place to live. Whether you live in a regional city, a country town or a rural area, the good far outweighs the bad.

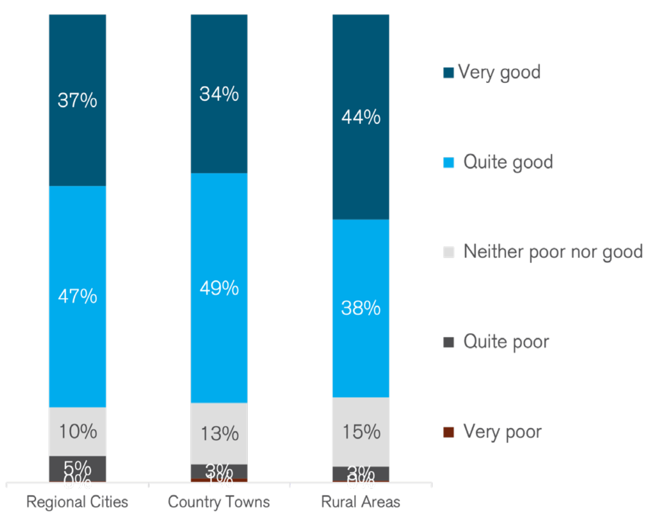
It all begins with community, the simple things in life like open spaces and a clean environment.

Far fewer people see the downsides, but those who do feel disconnected from thor community and concerned about social issues.

Its a simple equation: harnessing the upside will addressing the concerns, is the key to maximising happiness across regional Australia.

Regional Australia is considered a great place to live

Rating of local area (%)



The vast majority of people living in regional Australia are positive of their local area. Over 80% in each area rate their area either quite or very good.

People with the highest opinion of their area include older people (46% of those aged 55-74 rate their area very good, 57% of those aged over 75), people owning, or living in their property (46%).

> *I enjoy our community as friends are loyal and work together to help each other out.*
>
> **(Male, Regional City, VIC)**

> *I enjoy the slower pace of life even though I work longer hours. Its peaceful and you can be as involved in the community as you wish. We are much more social and have joined the social club at the hotel, play bingo, have joined the bowls club and entertain friends here often.*
>
> **(Female, Rural Areas, SA)**

Q. Overall, how would you rate your local area as a place to live? Base Size. All participants

Those who rate their community highly love the free perks of living in regional Australia

We love the small town, lots of outdoor activities and closed to the beach. Not too much traffic. Everyone is very friendly and helpful.

(Female, Country Town, VIC)

I enjoy the climate, plenty of work opportunities and friends and family.

(Male, Regional City, QLD)

***I enjoy the slower pace of life** even though I work longer hours. Its peaceful and you can be as involved in the community as you wish . **We are much more social** and have joined the social club at the hotel, play bingo, have joined the bowls club and entertain friends here often whereas back in Adelaide we never had people over.*

(Female, Regional Area, SA)

Q. What are the best things about where you live? OPEN ENDED. Base Size. All participants who rated their area quite good/very good (n=906)

The few that are unhappy feel disconnected from their community and are concerned about social issues

Since moving here, we've noticed crime rates are pretty bad with armed hold up and shootings not too far away. Not sure if it's been this bad previously, but it is very scary being in a new state.

(Female, Regional City, TAS)

The drawbacks can be lack of public transport which means more and more traffic. There are more and more drugs in the community.

(Male, Country Town, VIC)

Lack of activities. There is little on offer in the community, especially for young people. Higher council rates

(Female, Regional Area, NSW)

Q. What are the best/worst things about where you live? OPEN ENDED. Base Size. All participants

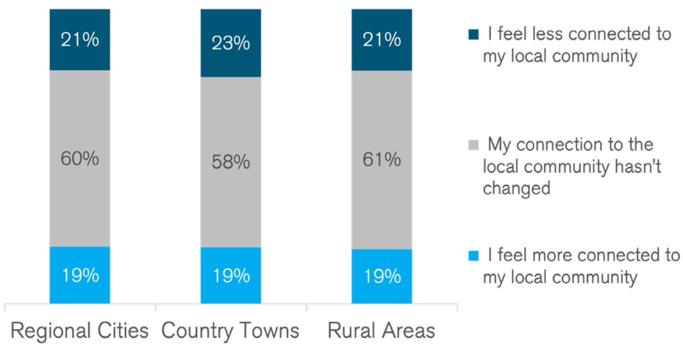
The few that are unhappy feel disconnected from their community and are concerned about social issues

For most people, their connection to community has remained unchanged through the pandemic. In all areas, around 60% of people say their connection with the community is unchanged. There has been no overall shift in connectedness of communities, as similar proportions feel more and less connected.

Older people's connection most likely to be unchanged (70% among 55-74 and 77% of those aged over 75). However younger people more likely to be both less connected (28% 18-34) and more connected (25% 18-34).

Renters are most likely to feel less connected to the community (26%), along with those who have lived in the area less than 5 years (27%).

Closeness with community (%)



Q. Since the start of the Covid-19 pandemic do you feel any more or less connected to your local community? Base Size. All participants (n=1,088)

The hidden impacts of the pandemic will change regional Australia forever

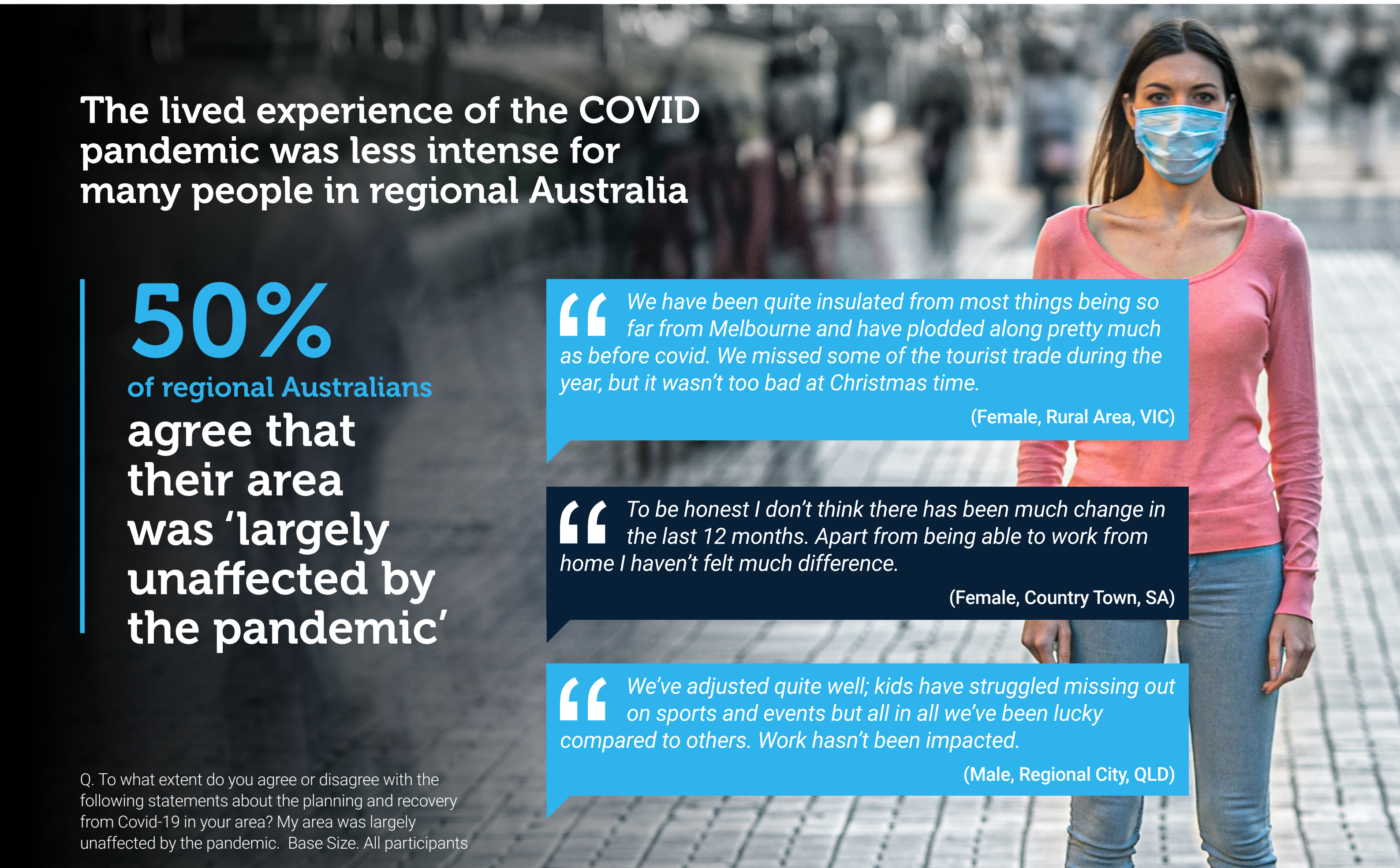
The lived experience of the pandemic was, on the surface, less intense than the cities; there were fewer cases, shorter lockdowns and many parts of Australia had very limited lived experience.

But there were broader impacts that sit below the surface, particularly the impact of the flight from the cities to the regions as people realised they could work remotely.

This had an impact on property prices as well as on employment and demands on government services.

These trends are unlikely to revert back to pre-pandemic levels - the reality is that significant parts of regional Australia will become busier, more dynamic and younger as a result of these changes.

Meanwhile there are low levels of confine that authorities are planning for life after Covid.



The lived experience of the COVID pandemic was less intense for many people in regional Australia

50%

of regional Australians

agree that their area was 'largely unaffected by the pandemic'

Q. To what extent do you agree or disagree with the following statements about the planning and recovery from Covid-19 in your area? My area was largely unaffected by the pandemic. Base Size. All participants

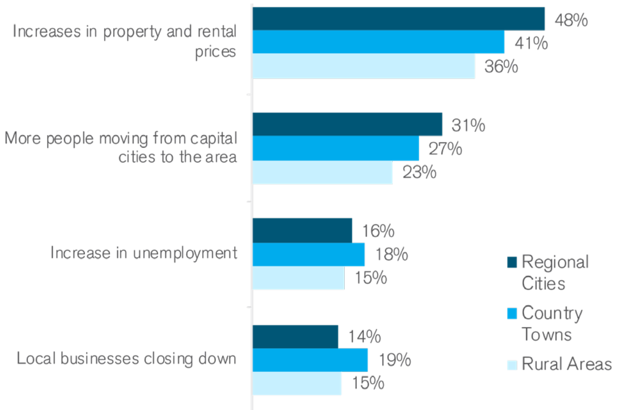
> *We have been quite insulated from most things being so far from Melbourne and have plodded along pretty much as before covid. We missed some of the tourist trade during the year, but it wasn't too bad at Christmas time.*
>
> **(Female, Rural Area, VIC)**

> *To be honest I don't think there has been much change in the last 12 months. Apart from being able to work from home I haven't felt much difference.*
>
> **(Female, Country Town, SA)**

> *We've adjusted quite well; kids have struggled missing out on sports and events but all in all we've been lucky compared to others. Work hasn't been impacted.*
>
> **(Male, Regional City, QLD)**

The main impact of the pandemic has been on the cost of housing, not on the local economy

Effect on area (Significant effect %)



Q. Since the start of the Covid-19 pandemic, how much of an effect have each of the following had on your area? Base Size. All participants

New arrivals to regional Australia are a different demographic to existing residents

New arrivals to regional areas are more likely to...

BE YOUNGER
34% are aged 18-34, compared to 18% of existing residents

BE RENTING
53% are in rental accommodation, compared to 31% of existing residents

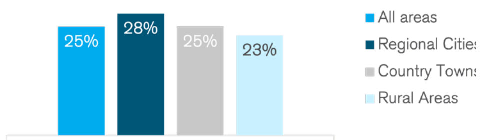
HAVE NO CHILDREN, OR HAVE A YOUNG FAMILY
33% do not have children and 14% are a young family with mainly pre-school children (26% and 8% of existing residents)

BE MORE CULTURALLY DIVERSE
24% are born outside of Australia, compared to 14% of existing residents.

13% prefer to speak a language other than English at home or with close family members, compared to 8% of existing residents.

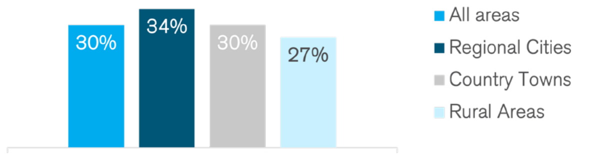
There is low confidence that authorities are planning for life after COVID

COVID planning and recovery (% TOTAL: Agree)



Area is busier now

COVID planning and recovery (% TOTAL: Agree)



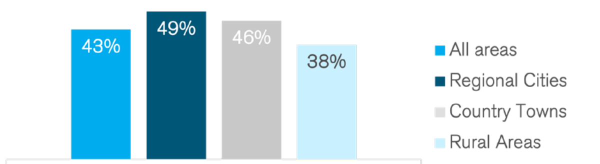
Q. To what extent do you agree or disagree with the following statements about the planning and recovery from Covid-19 in your area? My area is busier now than it was before the pandemic. Base Size. All participants

> *I live in a pretty good spot on the coast, but more people are moving up here - it's getting a bit busy. That means more congestion on roads more competitive environment in terms of looking for work.*
>
> **(Male, Regional City, NSW)**

> *Large growth in the population in the last 6 months with has resulted in childcare getting full, doctors booked out for days.*
>
> **(Female, Country Town, VIC)**

Begun to see recovery in my area

COVID planning and recovery (% TOTAL: Agree)



Q. To what extent do you agree or disagree with the following statements about the planning and recovery from Covid-19 in your area? I have already begun to see recovery in my area. Base Size. All participants

> *The council have finally just agreed to build a swimming pool because of new people moving to the local area.*
>
> **(Female, Country Town, VIC)**

> *Positive change is some new shops and business have opened and some interesting restaurants have come to our community.*
>
> **(Male, Regional City, VIC)**

Working in the regions

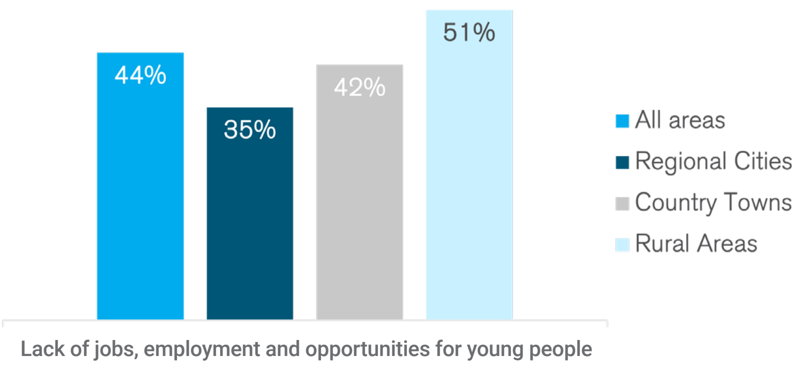
The restrictions on international borders through 2020-21 has created demand for labour in the larger population centres in the region.

However, unemployment remains a persistent problem in more sparsely populated rural areas.

Meanwhile, one in seven of those in employment are engaged on a casual or contract basis, while low or zero wages growth is entrenched in the system.

Unemployment continues to be a significant problem for many others – particularly in Rural Areas

Concerns for future liveability (Top 3 %)



44%

say a lack of jobs, employment and opportunities for young people are a major concern in their area

> *I was made redundant during covid as I was an international flight attendant. I have since found work in a new industry, but the pay isn't close to what I was making before.*
>
> *This has resulted in me having to move locations and make a lot of lifestyle changes. This change has created a lot of stress around my future and my security.*
>
> **(Female, Regional City, NSW)**

Q. Which of the following are your main concerns about the future health and liveability of your local area? - Lack of jobs, employment and opportunities for young people. Base Size. All participants

> *The drawbacks of my community is unemployment is high and opportunities limited. Historically we are a manufacturing community, most of the larger businesses have declined or closed down, there is growth in the age care sector coming up, but most positions are casual or permanent part-time, which are not great options for younger people trying to set up a family and buy a home. Our community does not appear to have the ability to attract any new business of any size which employ good numbers.*
>
> **(Male, Regional City, VIC)**

Casualisation has been an issue in regional Australia for a long time and this problem has been exacerbated by COVID

> *There is work if you want it around problem is most of it is casual through employment agencies with no security and no one cares about you – you're just a number. While we're alright for now, jobs will be a problem in the future I believe.*
>
> **(Male, Regional City, NSW)**

> *I would say that employment has remained about the same. There are not enough full-time opportunities going forward , there are a lot of people who would like more hours of work but can't achieve it at a sole employer and are having to work multiple casual or permanent part time.*
>
> **(Male, Country Town, VIC)**

> *I have noticed a lack of full-time jobs. Everyone seems to be hiring casually or part-time but full time has become limited. I believe there are enough jobs, but I think the pay has really dropped how do we keep up with the housing market when we struggle to find well paying and secure jobs?*
>
> **(Female, Regional City, NSW)**

In addition to that, the pandemic has further entrenched already low wage growth in regional Australia

> *Wages have been the same for years. Family and friends work in the area and have not received pay increases in the last few years. Business can not afford to keep staff and due to covid having a financial strain on most businesses.*
>
> **(Female, Regional City, QLD)**

> *There has been minimal to no wage growth in my area. I hope this changes as the cost of living is so much higher currently.*
>
> **(Male, Regional City, QLD)**

> *I believe that covid has certainly had an impact on many businesses, particularly small local businesses, as a decrease in income has meant there is less money to pass on to workers.*
>
> **(Male, Regional City, NSW)**

> *I have been retired for a while, but I haven't seen any wages growth in years. I know the cost of living has gone up in general which is hard. As self funded retirees, it is a concern.*
>
> **(Female, Regional City, QLD)**

The Great Regional Housing Divide

The influx of new arrivals has created a new economic divide between homeowners and renters, particularly in regional cities.

While home owners have seen a significant increase in the value fo those assets, those in rental are struggling with rising rent prices and escalating barriers to entry for home ownership.

While housing affordability was an issue in some parts of regional Australia before the pandemic, there is growing about future housing affordability.

Increases to the cost of housing is contributing to an emerging split between homeowners and renters

While some homeowners are pleased to see the value of their property increase...

> *The house/land sales have been wonderful. Houses that have been on the market for 5 years or so are all selling or sold now.*
>
> **(Female, Rural Area, SA)**

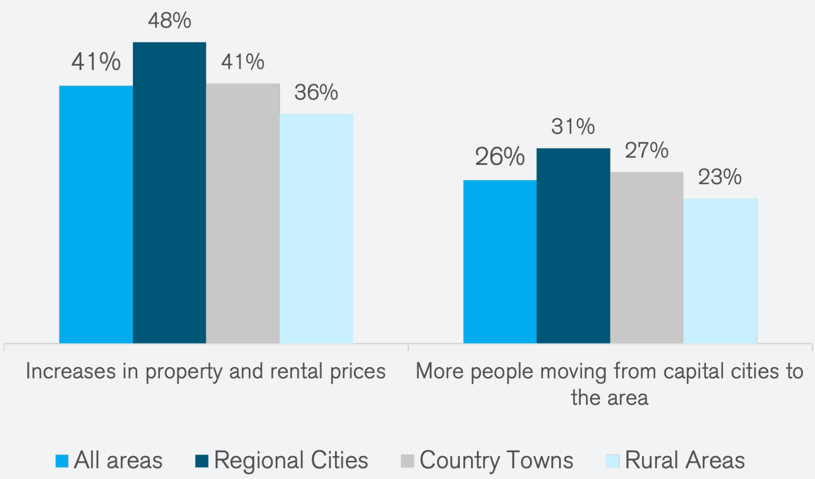
> *A positive change is work has started to pick up again and house prices are on the rise which will hopefully sort out the drug problem that was setting in.*
>
> **(Male, Regional City, QLD)**

> *Surprisingly the market has skyrocketed in the past 12 months. We were all waiting for the post covid crash but the way the market is it's not looking that way. Properties are going fast.*
>
> **(Female, Regional City, NSW)**

Renters say that they are facing an increasingly tight housing market and significant increases in rent over the past year.

The pandemic has had a notable effect on housing prices in regional areas

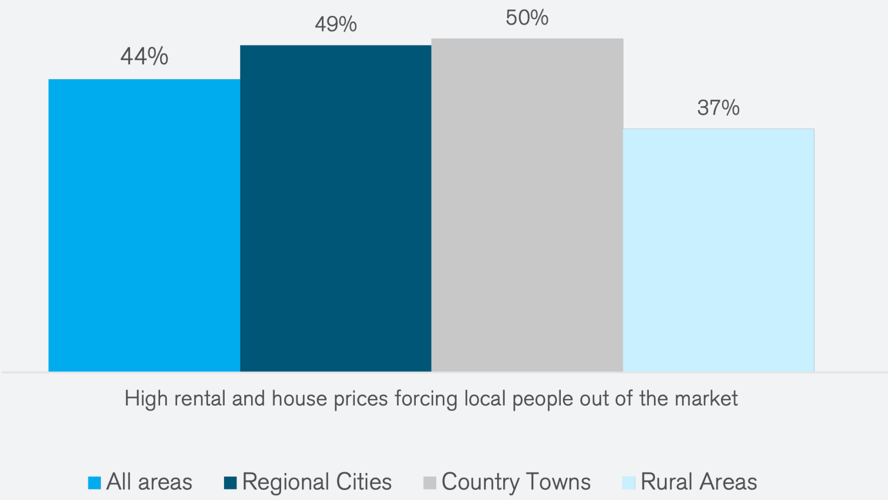
Effect on area (Significant effect %)



Q. Since the start of the Covid-19 pandemic, how much of an effect have each of the following had on your area? Base Size. All participants

And there is high concern about unaffordable housing in the future

Concerns for future liveability (Top 3 %)



64% of renters rate the high rental and house prices as a main concern for the future health and liveability of their local area

Q. Which of the following are your main concerns about the future health and liveability of your local area? Base Size. All participants

> *Overall, we have not had any major changes, however we were required to move rental homes due to our old landlord selling their property. This meant finding a home in a very tight market and were fighting 50+ applicants for homes. Our rent went up by around 20-25% at our new place.*
>
> **(Male, Regional City, QLD)**

> *We have had a large increase in rent prices, very low rental vacancy rates and increasing house prices. This has been very tough for the communities, particularly for struggling families.*
>
> **(Male, Regional City, QLD)**

> *Rents are sky high, and Tasmania had a big housing shortage, so more homelessness is happening.*
>
> **(Female, Regional City, TAS)**

Squeeze on Government Services and Support

Growing populations place increased demands on government services and the cracks are beginning to show, especially in smaller rural areas

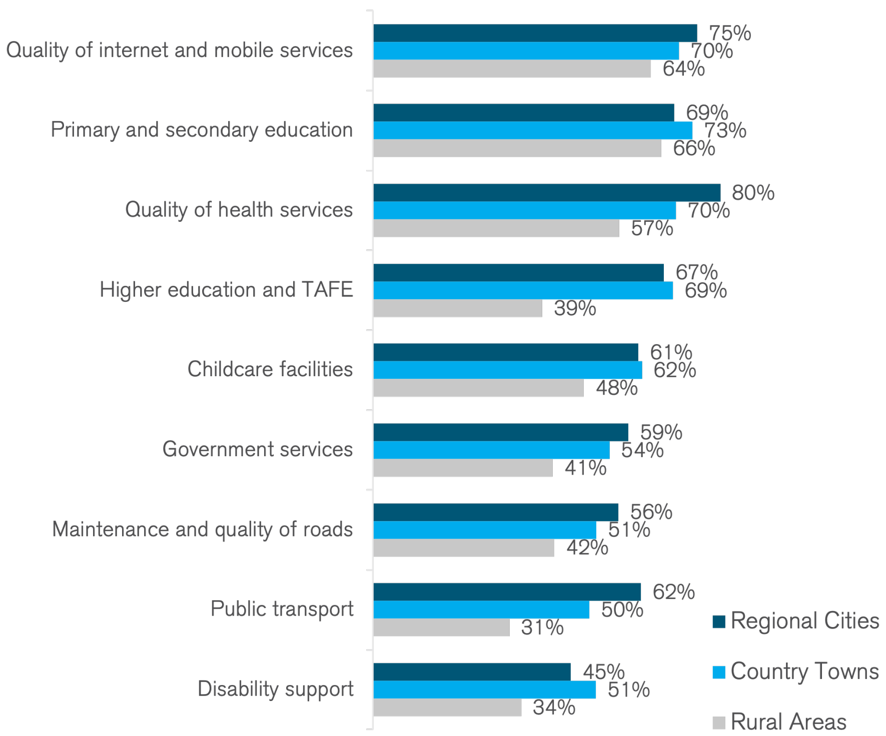
Access to childcare, higher education and TAFE and disability support are particular areas of particular concern across regional Australia.

The smaller an area's population, the more challenges are faced access services, with only half of people able to access health professionals within a week.

People in regional areas feel they are missing out on their fair share of government support

Transport and Disability services are areas of particular concern

Rating of services and amenities (TOTAL: Good %)



Q. How would you rate the following services and amenities in your local area? Base Size. All participants

Rating of healthcare facilities is high in Regional Cities 80% but this drops to 70% in Country Towns and 57% in Rural Areas.

While around two thirds rate higher education and TAFE as good in Regional Cities 67% and Country Towns 69%, just 39% of those living in Rural Areas feel the same.

Many regional Australians say the lack of available health services in their area is a major concern

> *Medical services are definitely lacking in our community.*
> *It takes minimum 2-3 days to get into a GP and the hospitals are doing their best but struggle with the needs of the community.*
>
> **(Male, Regional City, QLD)**

> *To see a GP, we have to drive to the next town, but for the elderly or lower socioeconomic households it is difficult to drive 90km each way to the larger town and they also have a real shortage of GPs there.*
>
> **(Female, Rural Area, NSW)**

> *Due to COVID it has definitely been more difficult to access GP's, which I understand.*
> *In my mind the most important community service is health care and there is certainly not enough GP's and health care professionals in the community.*
>
> **(Male, Regional City, QLD)**

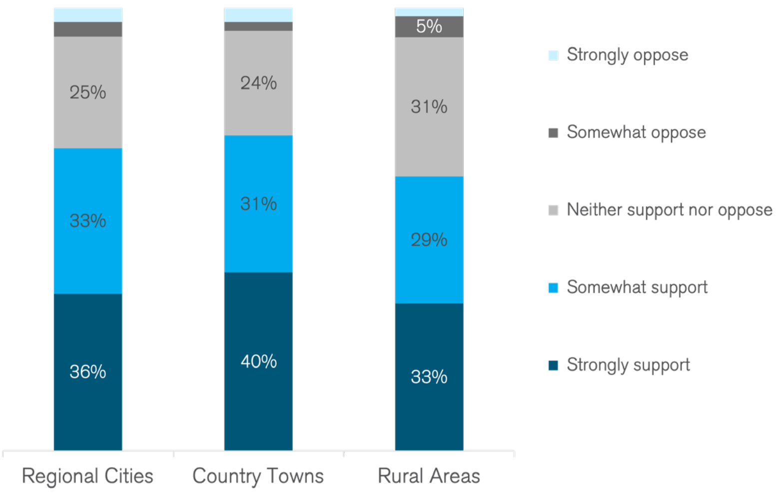
> *We don't have much childcare, we don't have a dentist in town anymore and as I said before only one good doctor, who is hard to get into see.*
>
> **(Female, Rural Area, VIC)**

There is strong support for universal childcare in regional communities

> *We definitely need more childcare you can't get a spot at them moment and most have very long waiting lists.*
>
> **(Female, Country Town, VIC)**

Q. How strongly do you support or oppose introducing a universal high-quality early childhood education system? A universal high-quality early childhood education system would be available at low or minimal cost to any parent who wants to access play-based learning for their child. Base Size. All participants. Labels removed for any results <5%

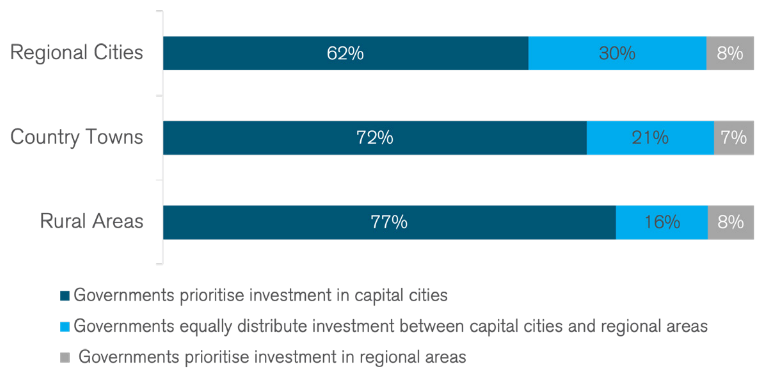
Support for universal childcare (%)



Regional Australians feel they are missing their fair share of government investment

> *I don't believe that state and federal gov have much real interest in developing industry in our area, there is always lots of talk and false hopes that rarely amount to anything.*
>
> **(Male, Country Town, VIC)**

Treatment of regional areas (%)



Q. How do you think regional areas and capital cities are treated when governments are investing in core services and amenities (like infrastructure, healthcare and education)? Base Size. All participants

Retail Emerges a Regional Economic Anchor

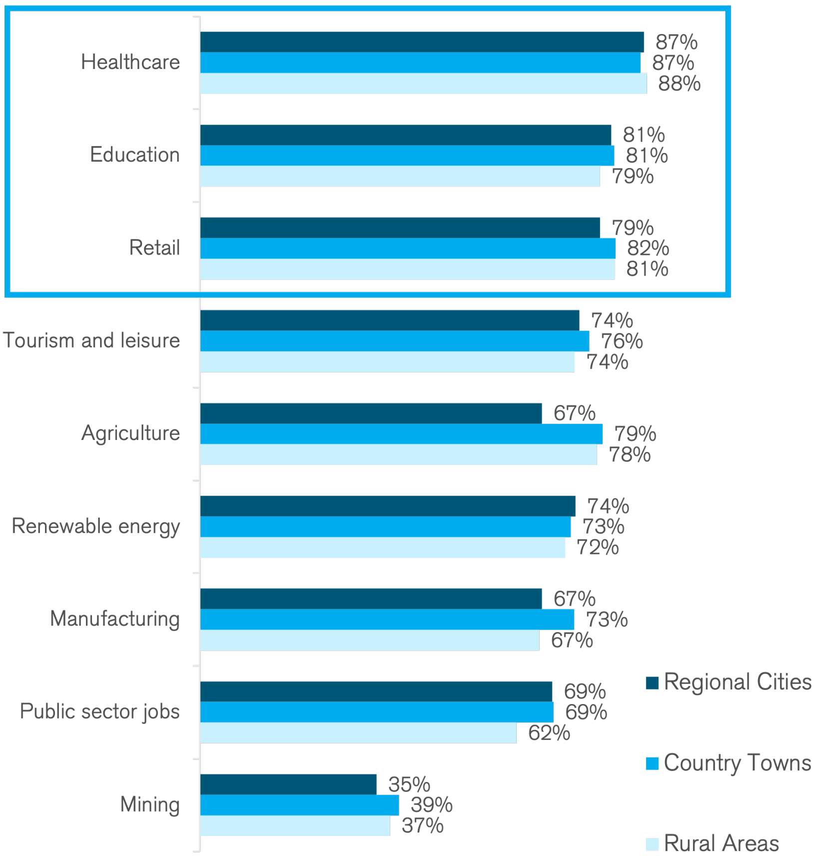
When thinking about the future, people in regional Australia see the retail sector - along with healthcare and education - as a driver of future prosperity

Local people buying local goods from their own community, whether in malls stores or supermarkets, creates a virtuous cycle, where consumers support each other. In fact, of all the plans for the future, 'Buy Local' is the most warmly embraced.

While some have shifted to online shopping through the pandemic, the vast majority recognise that vibrant retail precincts are essential for strong regional communitie s- regardless of their size.

Regional Australians see healthcare, education and retail as key

Support for local economies (TOTAL: Support %)



Q. How would you rate the following services and amenities in your local area? Base Size. All participants

The three industries with highest support to help grow local economies are healthcare, education and retail.

Tourism and leisure is also seen as a key industry in all three areas.

> *"Biggest priority should be health and education. Kids don't stay in the country to have an advanced education and career, and therefore we end up losing generations of families to bigger centre.*
>
> **(Female, Rural Area, NSW)**

> *"Shopping centres are important because they not only provide local employment but also help to keep people in their own community. If people have to go elsewhere they are likely to spend at other businesses rather than locally.*
>
> **(Male, Regional City, WA)**

People recognise that supporting local retailers provides long-term economic benefits to regional communities

"Everything spent in town stays in town and is often put back into the community through grants and donations or sponsorship to the schools, sports clubs etc.

(Female, Rural Area, VIC)

"Buying local and supporting local has a huge impact on the local economy in a positive way! It keeps local business running who may draw in tourism/ visitors into the area who are interested in that particular business which in return will create business for the next local business and work as a domino effect.

(Female, Regional City, NSW)

Online shopping has increased since the start of COVID and some expect these changes to be permanent

"I used to never shop online. Then during covid I started doing grocery shopping for pick up the next day, found I was spending less because there wasn't the usual chucking things in the trolley. I am not going back to pushing the trolley myself anymore.

(Female, Rural Area, NSW)

"Before covid we only occasionally used online , this has changed dramatically in the last 12 month with online shopping being the first point of call. I don't think we will revert back to the way we were as it is just so convenient and cost effective, we don't use it for groceries etc.!

(Male, Regional City, VIC)

Some older people, however, are looking forward to return to the shops.

"We did a few online shops for groceries, and it was such a pain and would rather have gone into the store. Not a big online shopper at all as I would like to see what I am buying.

(Male, Country Town, WA)

"Before covid I used to only go to the shops but with the pandemic I have been buying online from Coles and Woolworths, but after the pandemic I will go back to the shops as I like interacting with people.

(Male, Country Town, VIC)

They see local people buying from local shops as key to the recovery of their community

40%

think there would be significant benefit to their local area by businesses providing secure jobs and higher wages for local people

SDA's Vision for

This report shows the rich opportunities to reimagine our regions as we recover from the pandemic over the coming years.

Commitment from all levels of government is required to share the benefits of a diaspora from the cities across thriving communities.

This should be anchored in an all-of-government regional approach anchored on:

A thriving retail sector

Government needs to recognise the contribution of retail precincts and supermarkets, not just as a point of transaction but as a point of connection. Actively supporting retail centres to deliver local produce and goods with 'buy local' campaigns keeps local communities growing.

Services accessible where they are needed

As communities grow, governments must commit to essential services such as health, childcare and disability support across regional Australia. All levels of government should look at opportunities to deliver services through major retail hubs.

Regional Australia

Regional Australia's best days are ahead of it - the SDA stands ready to support our members, their families and their communities to build great lives right across this great nation.

Fair and affordable housing

Government must confront the reality that rising house prices produces both winners and losers. Federal and State government must partner to developing more affordable rentals through a Regional Community Housing Program.

Fair wages, secure jobs

Government must champion policies that actively encouraging job security and collective workplace bargaining, including using government procurement policy to award good employers and embracing workplace laws that give workers an even playing field.

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