

## Update on the Commonwealth State Housing Agreement (CSHA)

As many of you would be aware, the CSHA is currently being re-negotiated. Since 1945 the CSHA has been the main source of funding for public housing, as well as other housing programs for low income earners such as bond assistance, community housing and assisting people into home ownership. However, in the past 10 years funding for social housing has been in decline. The current CSHA is due to expire in mid 2003. On the 25th of October Housing Ministers from across the country met in Hobart. Senator Amanda Vanstone provided an outline of the offer the Commonwealth will be making to the States in relation to the next CSHA.

### The offer to be made to State and Territories will:

- Be for five years
- Provide wage cost indexation from year two (which is .5% lower than CPI)
- Continue with the annual 1% efficiency dividend
- Have base funding in year one of \$725 million nationally
- Continue with the current matching arrangements, Commonwealth \$2 to States \$1
- Withhold 5% of total funds unless progress is made in encouraging private sector funding into social housing as well as removing work disincentives for public tenants
- Cease GST compensation (this was \$90M for 2002-03 and has been paid over the past years in recognition of the additional cost the GST has caused State Housing Authorities).

### Offer not accepted

All States and Territories (other than Victoria which signed before its state election) have not accepted the Commonwealth's offer and are continuing to negotiate for a better deal. A focus of these negotiations is the continuation of the GST compensation and the historic debt to the Commonwealth.

### What does this mean for Tasmania?

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There has been a disappointing formal offer to this State. While the offer is for a 5 year period (2003-5) with indexation, only \$21.23 M (base funding) has been offered for 2003-4, a reduction of \$2.9M. .

There has been no agreement to date to wipe debt or restructure debt payments, and GST compensation (worth \$2.6M in 2002/03) will cease .

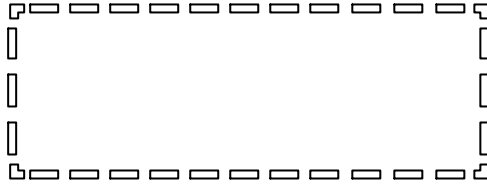
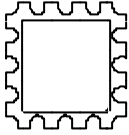
The expected GST cost for Housing Tasmania in 2003-04 is \$3.4M. Once GST payments and debt payments have been made, there will be no Commonwealth base fund left.

<b>Base funding 2003/04</b>	<b>\$21.3 M</b> less
<b>Debt repayment:</b>	<b>\$16.9M</b>
<b>Net Offer</b>	<b>\$3.4 M</b>
<b>Expected GST cost:</b>	<b>\$3.4M</b>

The Commonwealth offer also comes with a hard-to-achieve and expensive requirement for Tasmania to increase private sector investment in social housing and contribute to the Commonwealth's welfare reform agenda by removing workforce disincentives from public housing policies. The Commonwealth will withhold \$1.06M (or 5% per year) if these objectives are not achieved. The details of what the Commonwealth is seeking from this arrangement, and what indicators will be used to determine success, are currently being negotiated.

Stats & Facts

**Tasmania**  
owes \$273M  
to the  
**Commonwealth**  
from 1945-1986,  
and repays  
\$16.9M each  
year.



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CSHA– continued

### Where to from here?

Shelter Tas will continue to lobby both the Federal and State governments to adequately fund affordable housing for all, and will keep you informed regarding activities for 2003. Thank you to all the people/ organisations who supported and donated to the National Shelter campaign, including the advertisement in the Australian ‘Where would I be without my home?’

Feedback has been positive, in that the community sector lobbying has been instrumental in there even being another CSHA. Keep on writing those letters and mentioning the **importance of housing**, be it on your programs, for your clients and for yourself. Please contact Shelter if you would like any information or copies of letters we have written around the CSHA as an updated guide to the pro-formas we sent to you in October 2002.

#### State Budget Submission 2003-4

Shelter’s Budget Submission this years called on the State government to increase the funding for housing outlining the **growing crisis due to lack of low cost housing in this State**. Public housing waiting lists are increasing (by more than 70% in the last two years) while low cost housing in the private rental market is shrinking with record low vacancies rates.

#### Suggested ways forward:

- Commonwealth and Tasmanian State governments to negotiate around debt relief strategies, such as holding interest payments, to maintain the funding of a social housing system at a sustainable level. This could be part of the CSHA bi-lateral agreement.
- The State to target any **gains in revenue** from taxes, such as stamp duties resulting from the increase in housing sales and prices **into the supply of affordable housing**.
- The Tasmanian Budget Overview (2002-3) showed that conveyance duties rose from \$47 M in 1999-00 to \$56 M in 2000-01. The budgeted amount was \$49 M, in effect a windfall of \$9 M was gained as revenue from housing.
- Repeat the call for a Rental Bond Board and **Community Sector involvement in the Affordable Housing Strategy** that Housing Tasmania is currently undertaking.

#### State Commits to Affordable Housing



Premier Jim Bacon announced in a statement today (17.12.02) that as part of the government’s strategy for tackling poverty in this state availability of low cost housing will be a priority.

He stated *‘There is obviously a shortfall in affordable low cost housing at the moment because of the property boom we are experiencing and the effects of the first home-owners grant...the issue of affordable low cost housing is being considered as part of the State budget’*.

He went on to comment that an Affordable Housing Strategy will be launched early next year.

Shelter is pleased to hear that **low cost housing is now a budget priority** and will be interested to see how much money will be committed in the budget and the details released around the state plan for affordable housing. We will keep you informed.

