

# **2023-24 Budget: Housing and cost of living**

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26<sup>th</sup> May 2023



A close-up photograph showing a person's hands hovering over a collection of traditional Indigenous Australian objects. The objects include a woven basket filled with natural materials, a large red ochre bowl, a beaded necklace, and several smooth stones. The background is a blurred outdoor setting with green grass and other people in the distance.

## Acknowledgement of Country

We acknowledge the palawa/pakana of lutruwita, the traditional owners of the land upon which we live and work.

We pay respects to Elders past and present as the knowledge holders and sharers. We honour their strong culture and knowledges as vital to the self-determination, wellbeing and resilience of their communities.

We stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history.

# 2023-24 Budget details

1. Sensible;
2. Responsible;
3. Careful; and
4. Targeted.

## *Questions*

1. Supports the efforts towards slowing inflation?
2. What is in there for me?
3. Innovative?



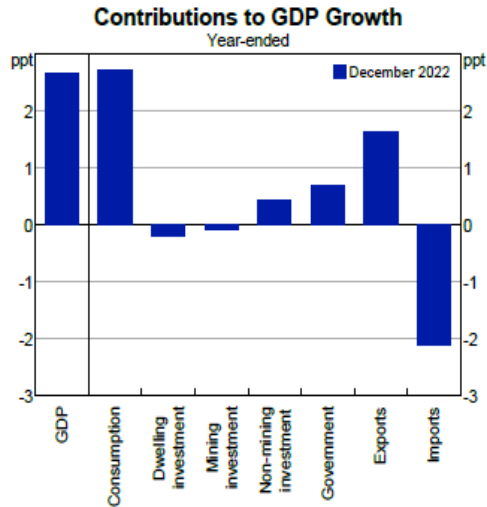
# Budget's Priorities

Critical Services	Providing additional funding to strengthen critical services and address demand issues in essential service delivery;
Priorities	Implementing initiatives supporting the Government's priorities for Tasmania; and
Continuation	Continuing strategic investment in infrastructure to support continued economic development and jobs and increasing the productive capacity of the Tasmanian economy.

## *Investment in Homes Tasmania*

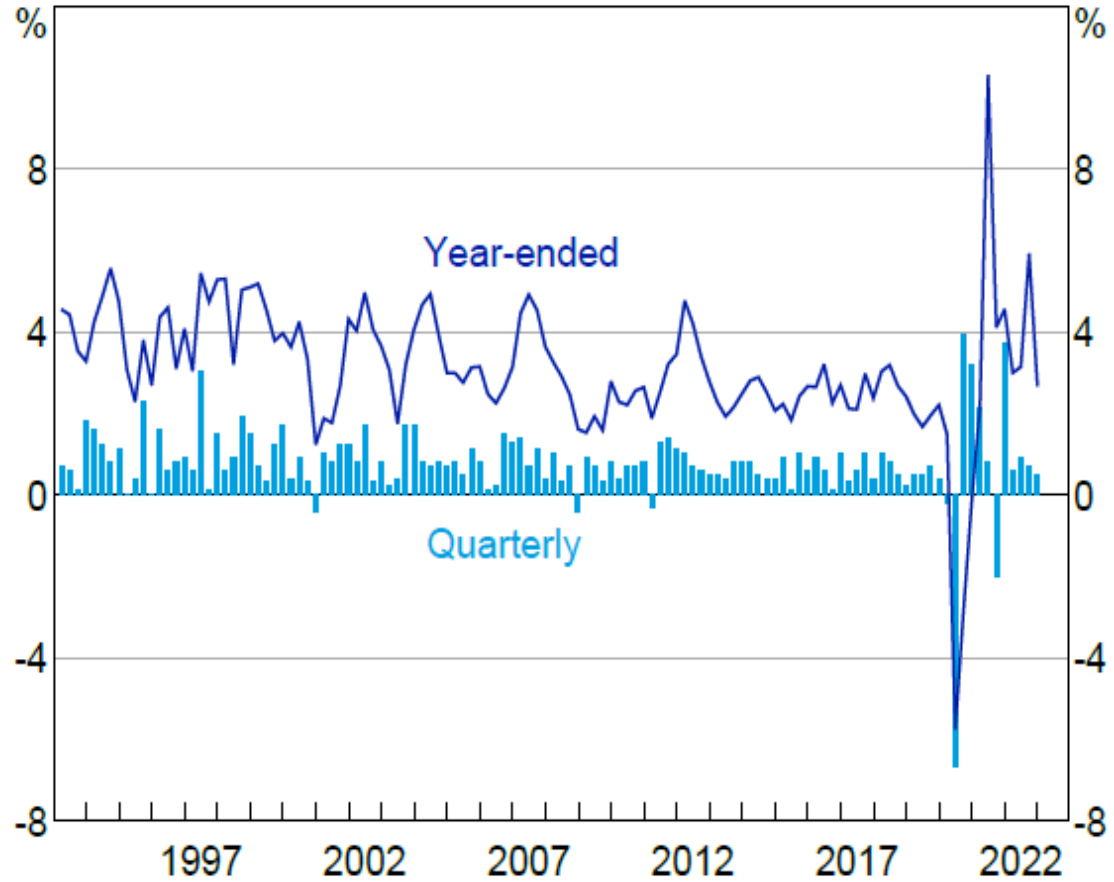
The 2023-24 Budget and Forward Estimates includes \$372.8 million in grant funding for Homes Tasmania to continue to deliver housing and homelessness services that were previously provided by the former Department of Communities Tasmania, deliver 2023-24 Budget initiatives and fund borrowings undertaken to support its capital program expenditure.

# Australia's Economy



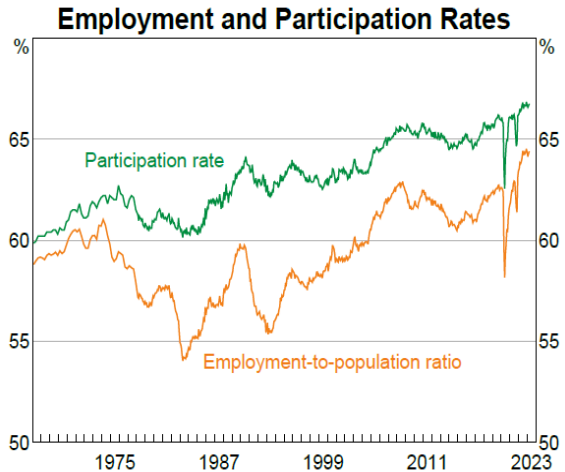
Sources: ABS; RBA

## GDP Growth



Source: ABS

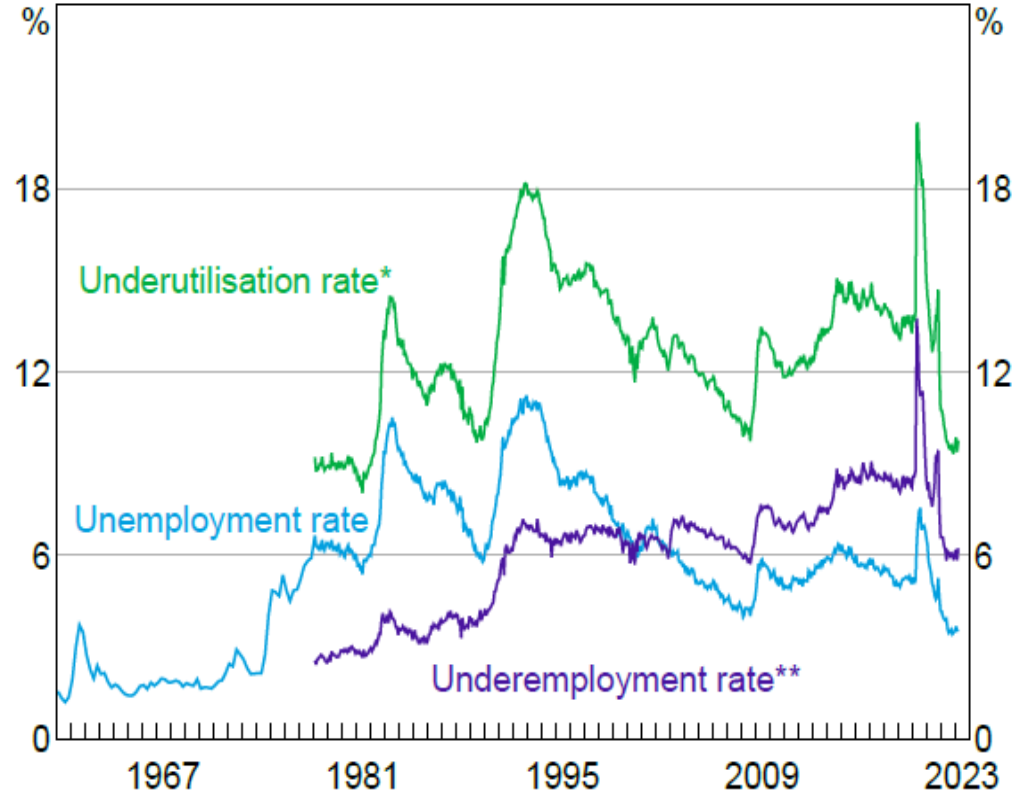
# Australia's Economy



Source: ABS

## Labour Underutilisation Rates

Heads-based



\* Sum of the unemployment and underemployment rates.

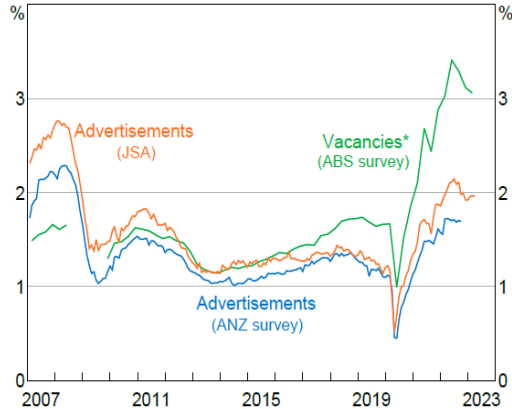
\*\* Employed people who want, and are available, to work more hours.

Source: ABS

# Australia's Economy

## Job Vacancies and Advertisements

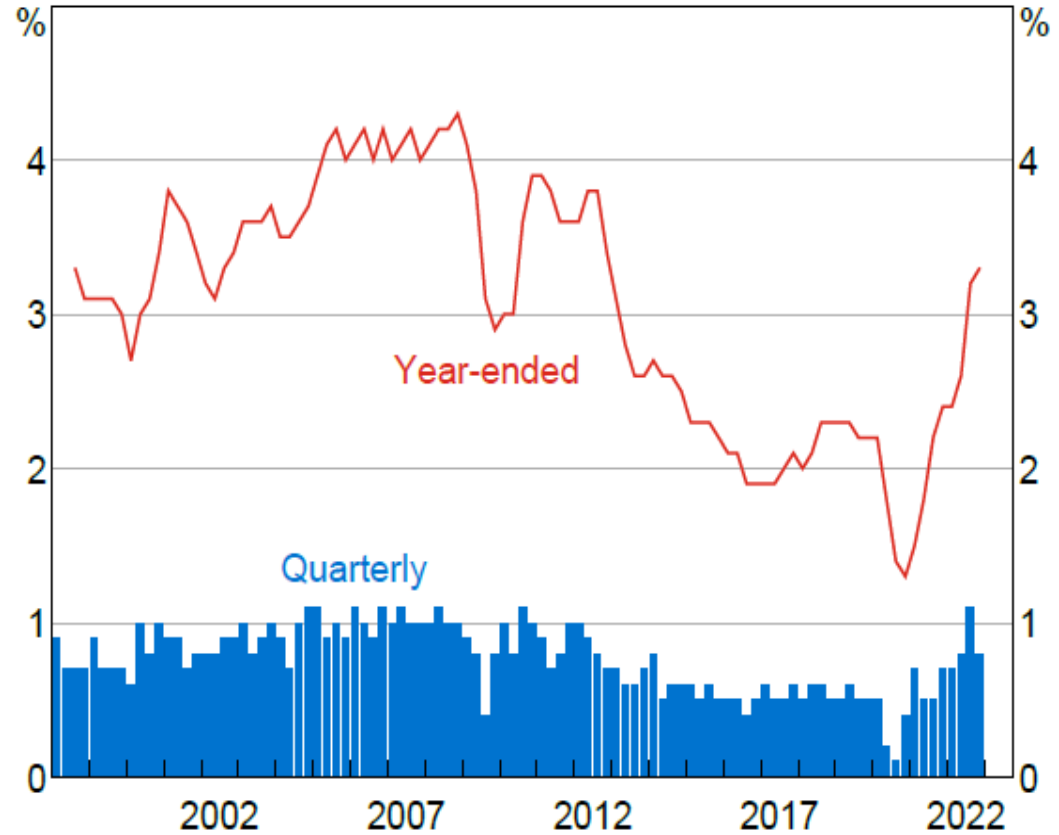
Per cent of labour force



\* This survey was suspended between May 2008 and November 2009.

Sources: ABS; ANZ; Jobs and Skills Australia (JSA); RBA

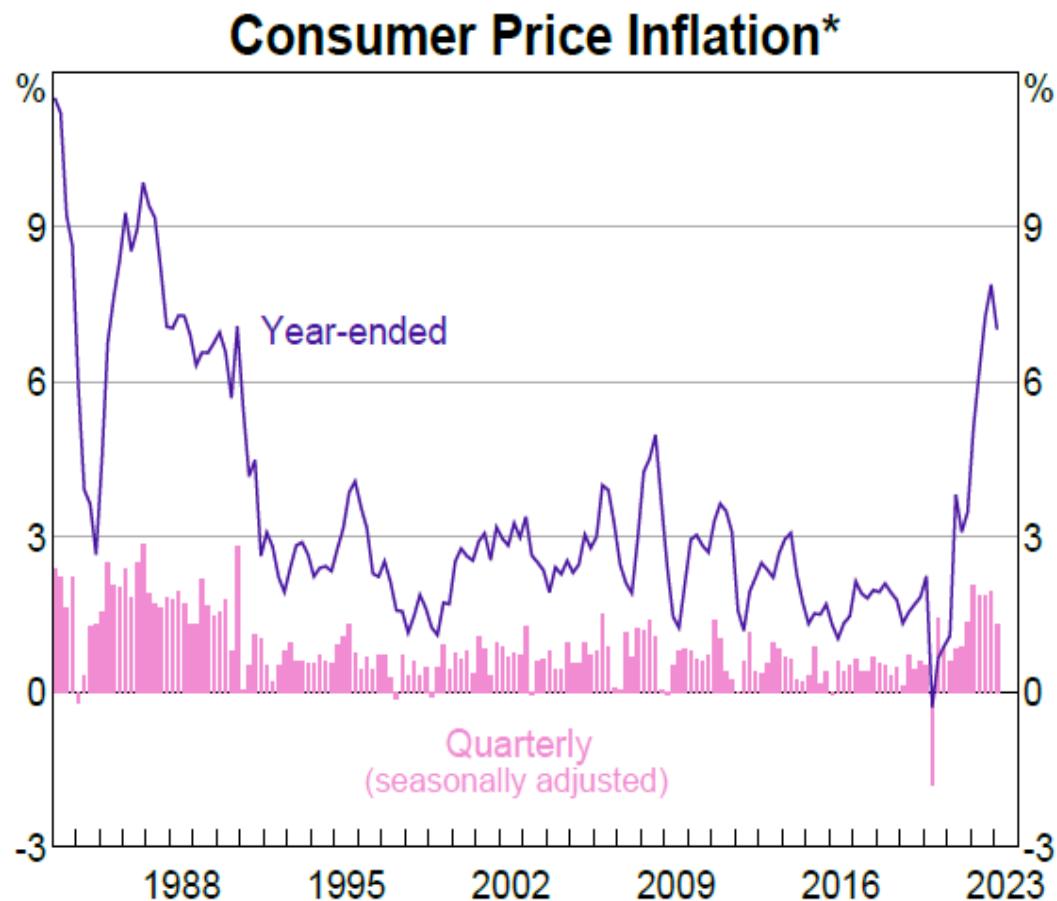
## Wage Price Index Growth\*



\* Total pay excluding bonuses.

Source: ABS

# Inflation



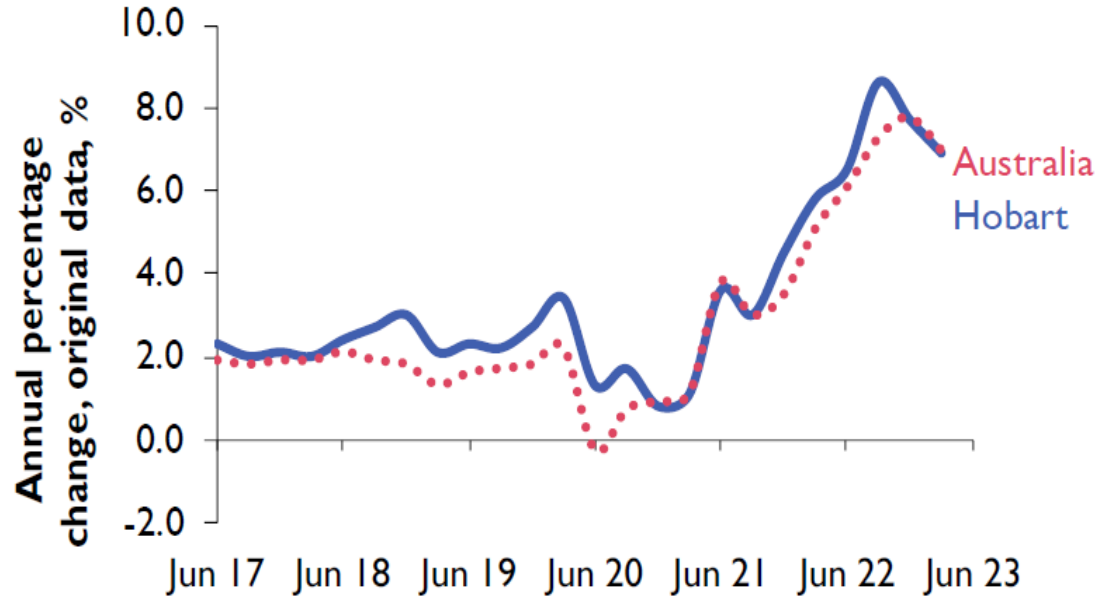
\* Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000.

Sources: ABS; RBA



# Cost of Living

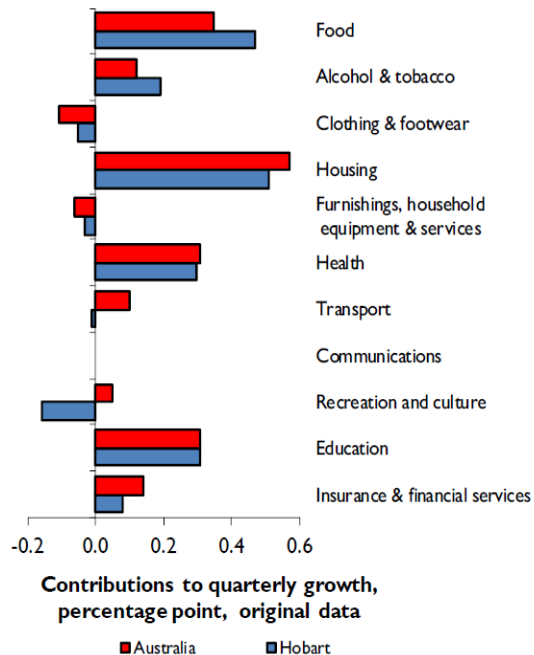
**Chart I: Annual percentage change of CPI, Hobart and Australia, original data**



SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE I, 2

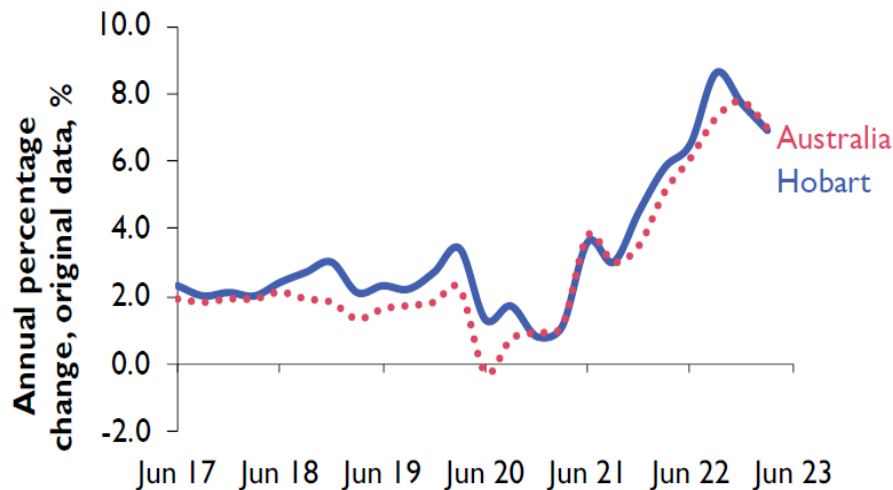
# Cost of Living

Chart 2: Quarterly component contribution to total CPI change, March quarter 2023, original data



SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 6

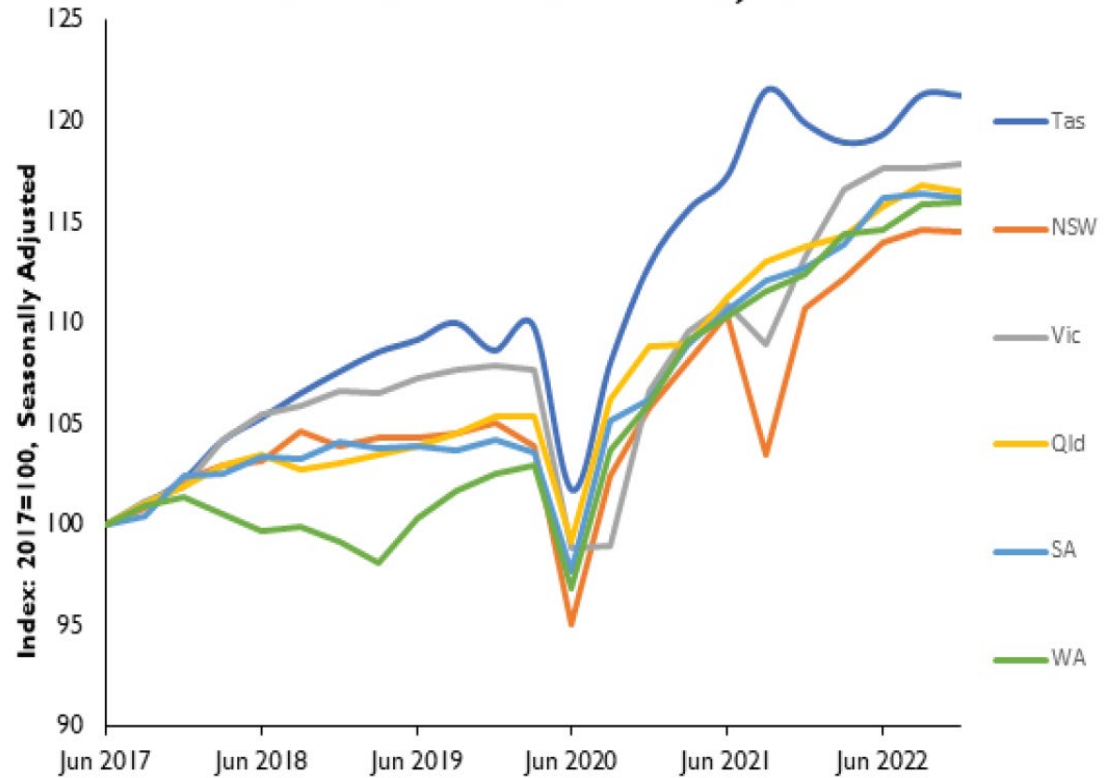
Chart 1: Annual percentage change of CPI, Hobart and Australia, original data



SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 1, 2

# Tasmania's Economy

## State final demand, Tasmania

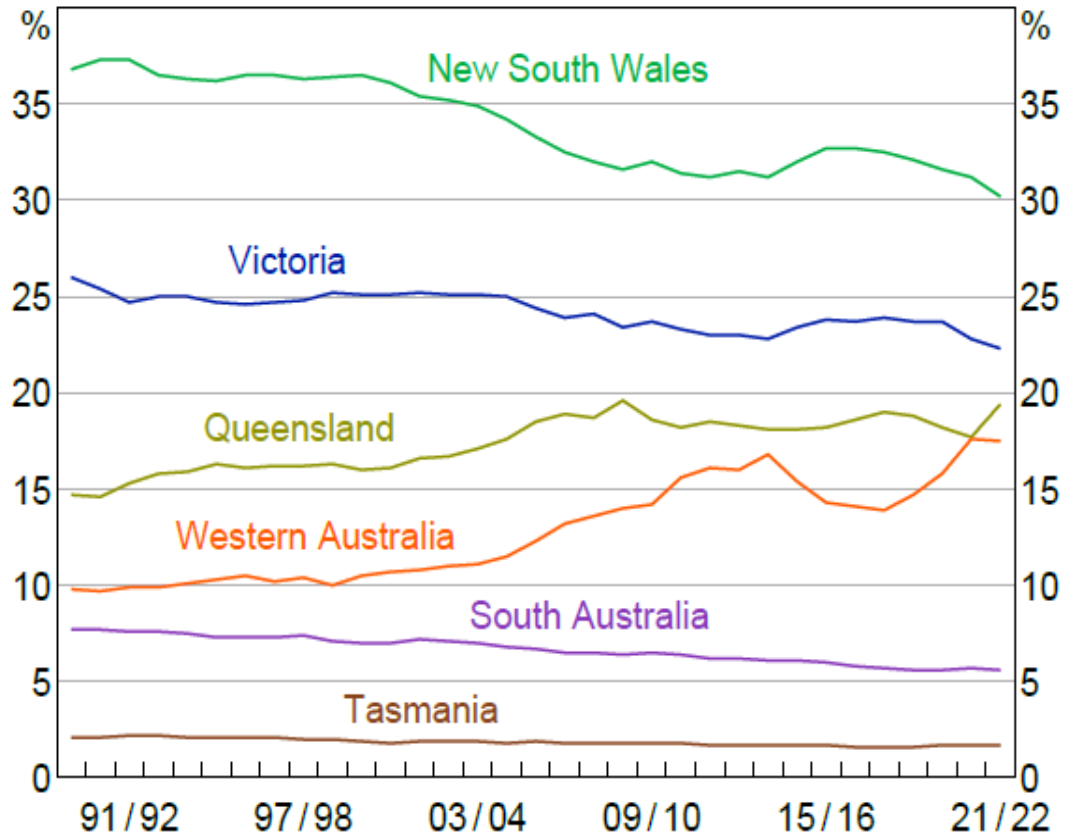


SOURCE: ABS Australian National Accounts: National Income, Expenditure and Product – December 2022

# Tasmania's Economy

## State Share of Output

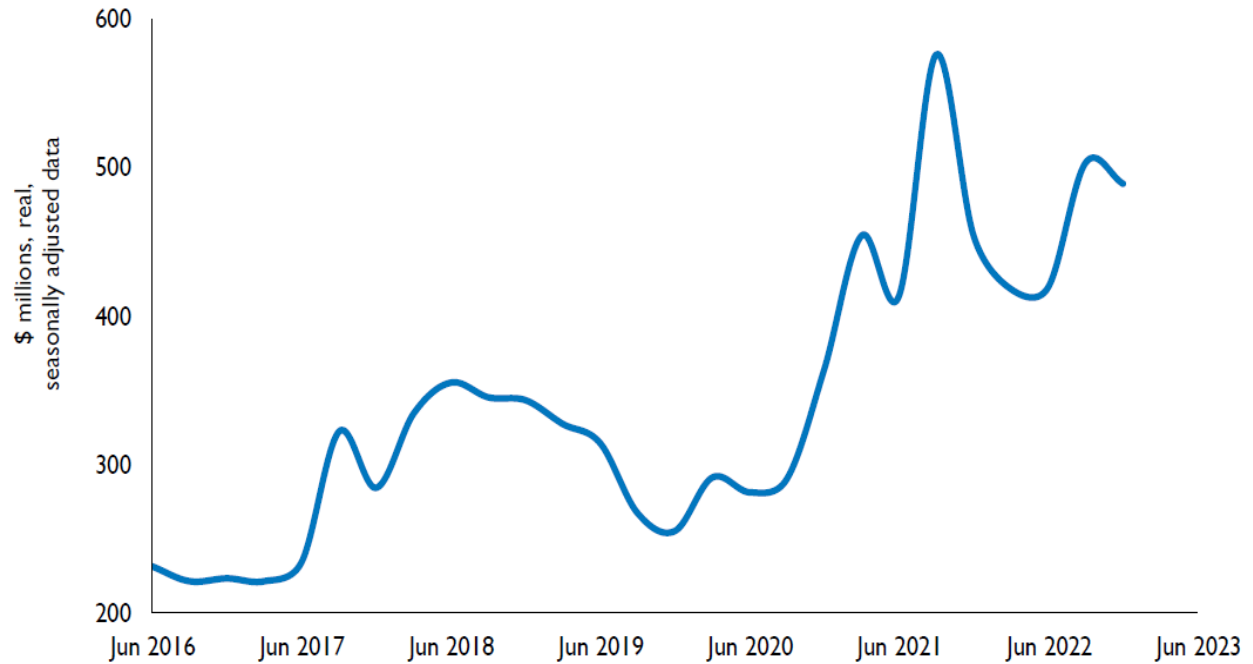
Nominal



Source: ABS

# Tasmania's Economy

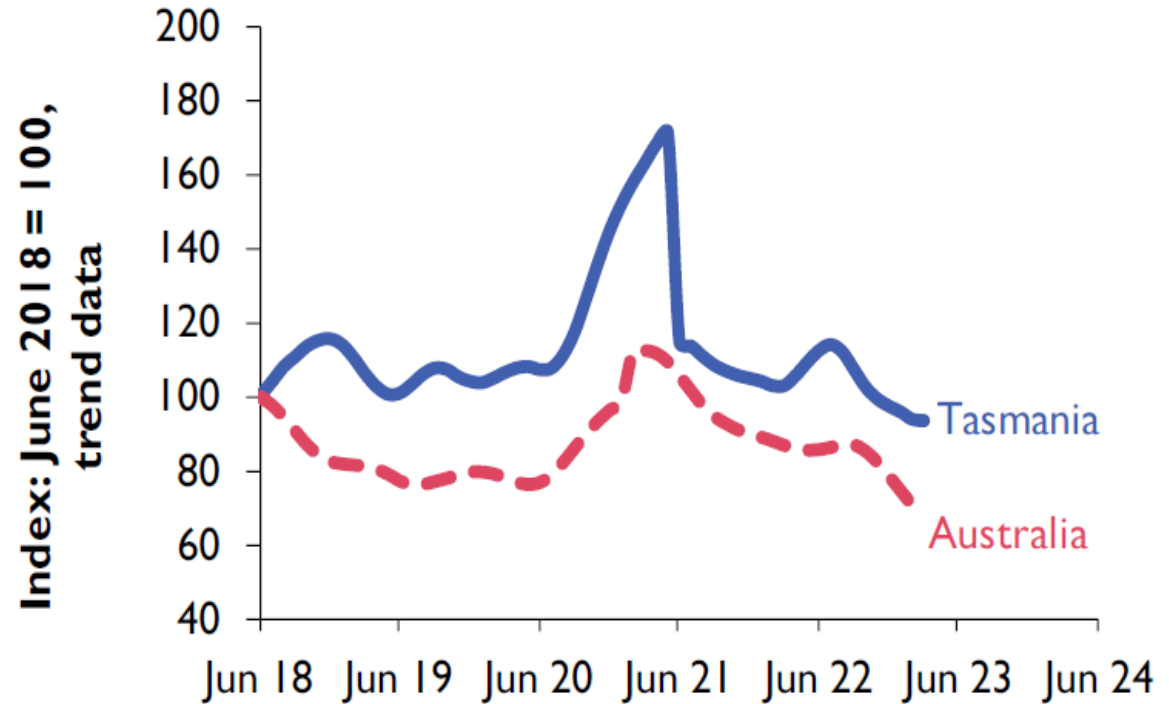
Chart 2.7: Tasmanian Private Investment in Machinery and Equipment



Source: Australian National Accounts: National Income, Expenditure and Product, ABS.

# Tasmania's Economy

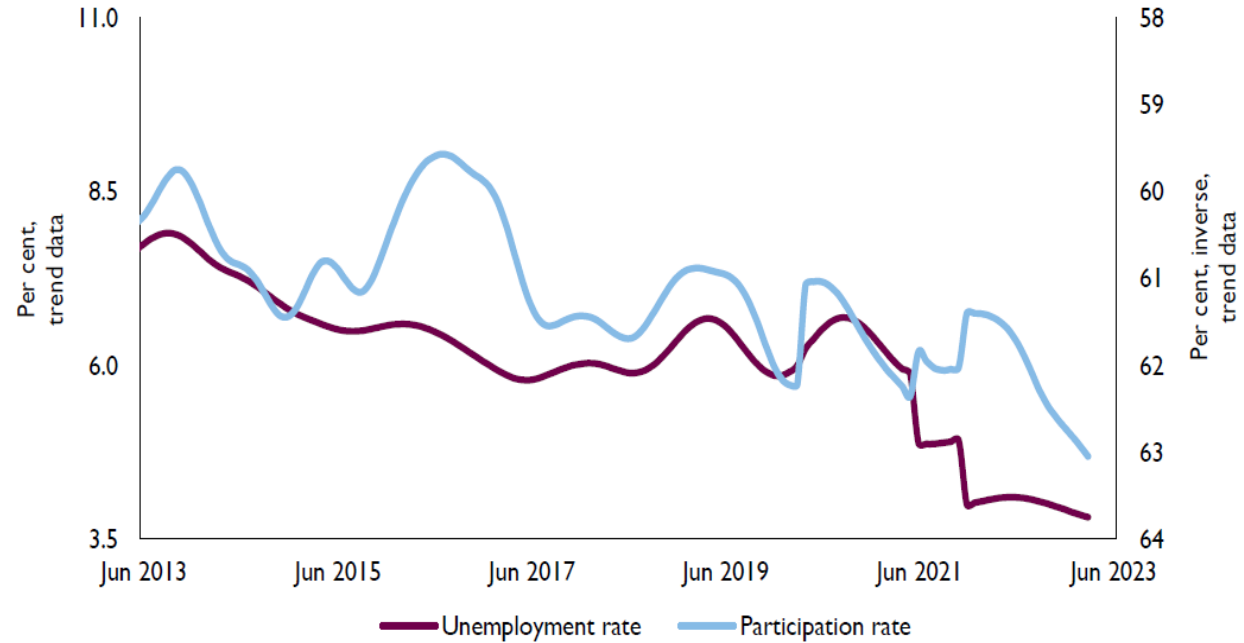
**Chart 1: Number of dwelling unit approvals, Tasmania and Australia, trend data**



SOURCE: BUILDING APPROVALS, ABS CAT NO 8731.0: TABLES 6, 7

# Tasmania's Employment

Chart 2.11: Tasmanian Unemployment and Participation (reverse order)

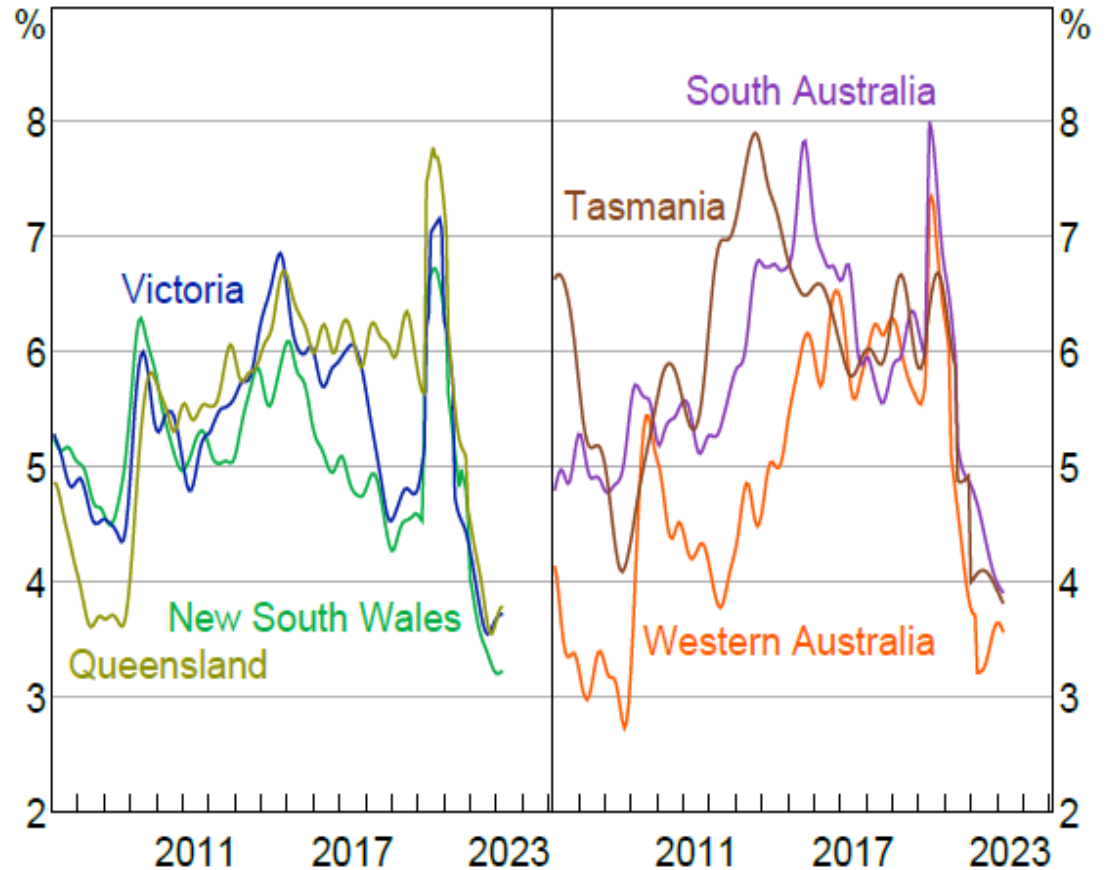


Source: *Labour Force, Australia*, ABS.

# Tasmania's Employment

## State Unemployment Rates

Trend

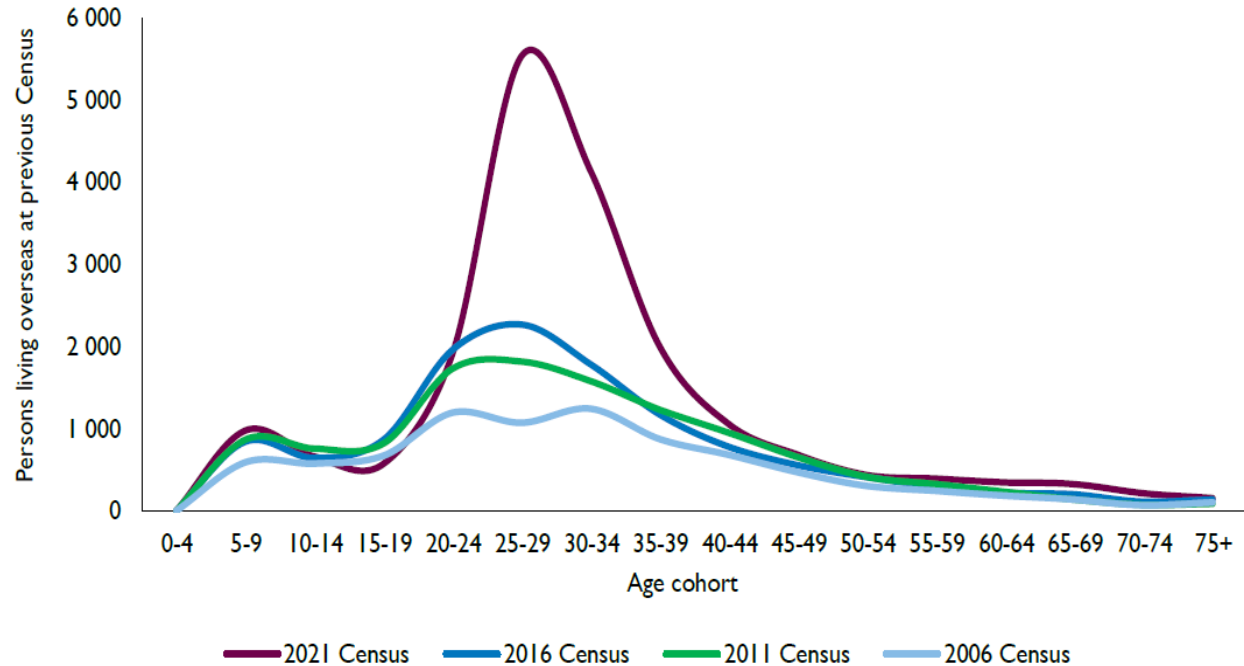


Source: ABS



# Tasmania's Population

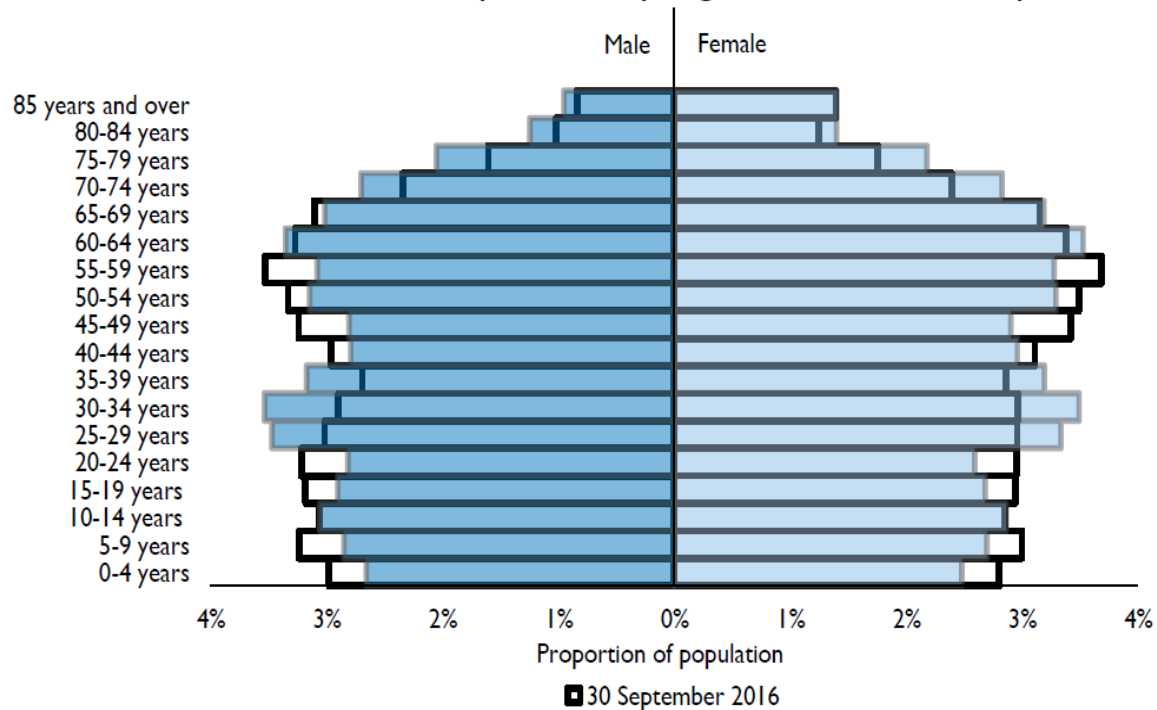
Chart 2.15: Overseas Migration to Tasmania over the past 20 years



Source: *Census of Population and Housing*, ABS.

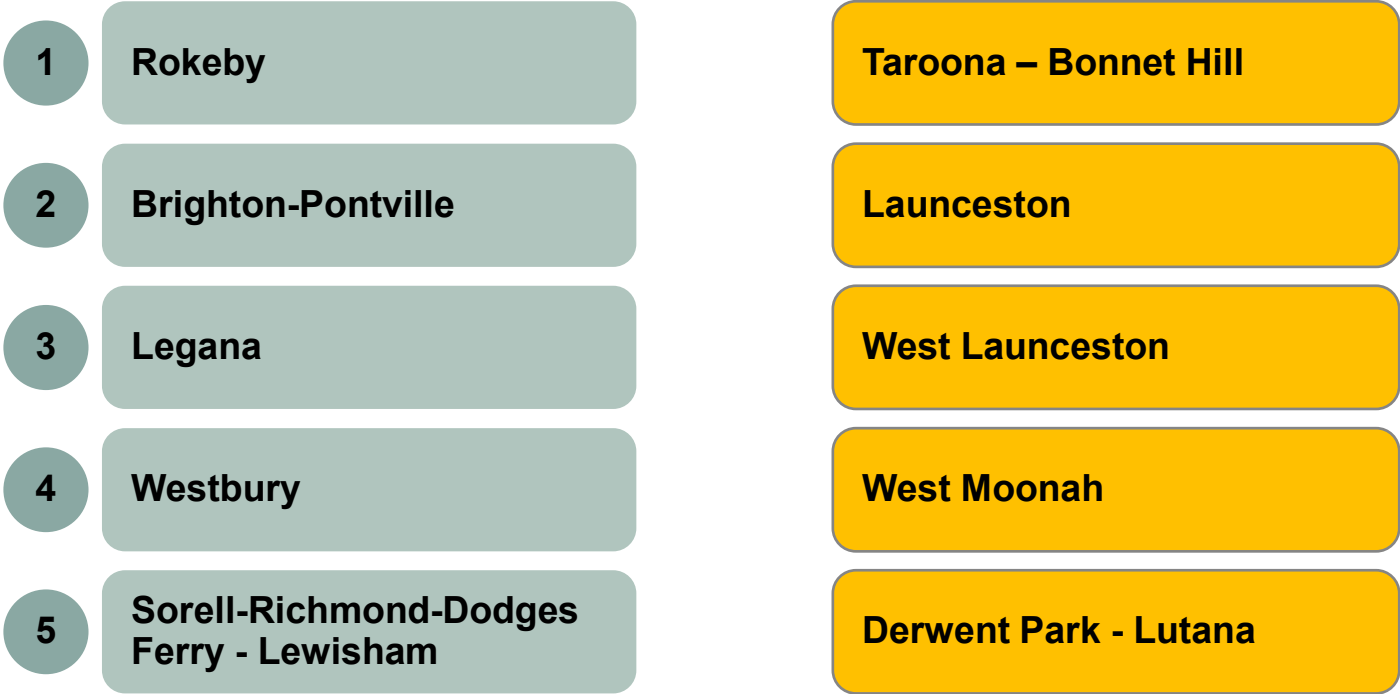
# Tasmania's Population

Chart 2.16: Tasmanian Population by Age and Sex at 30 September 2022



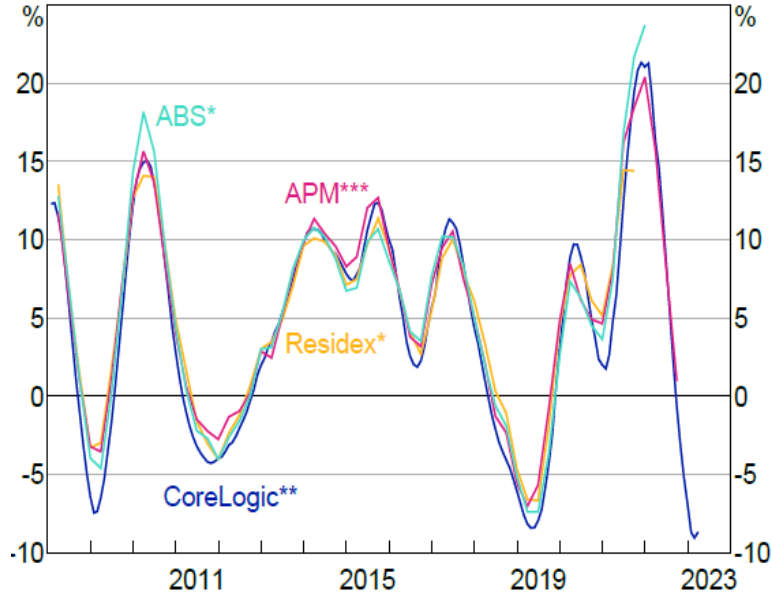
Source: National, state and territory population, and Data Explore, ABS.

# Change in Estimated Residential Population 2021-2022 Tasmania



## Housing Prices

Year-ended growth, seasonally adjusted



\* ABS is a quarterly stratified median price index; Residex is a quarterly repeat sales price index.

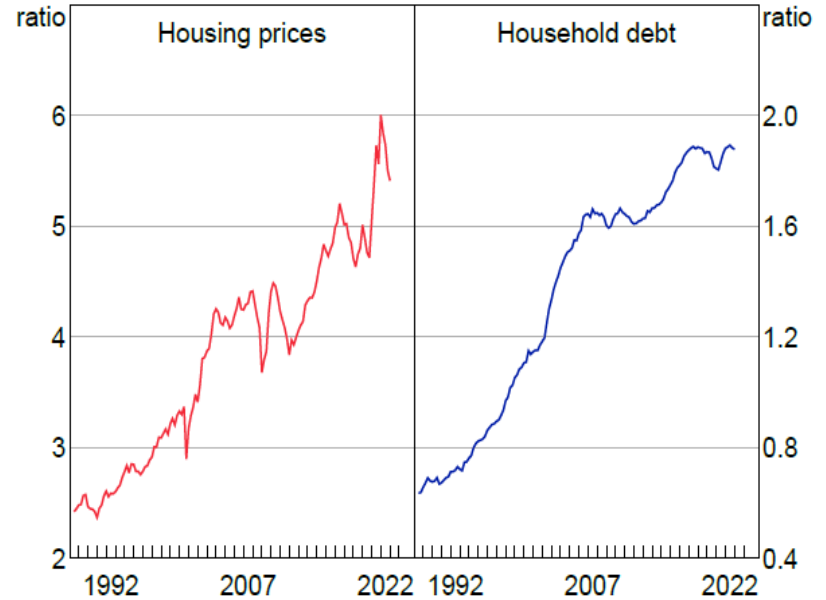
\*\* Monthly hedonic price index; non-seasonally adjusted.

\*\*\* Quarterly stratified median price index.

Sources: ABS; APM; CoreLogic; RBA; Residex

## Housing Prices and Household Debt\*

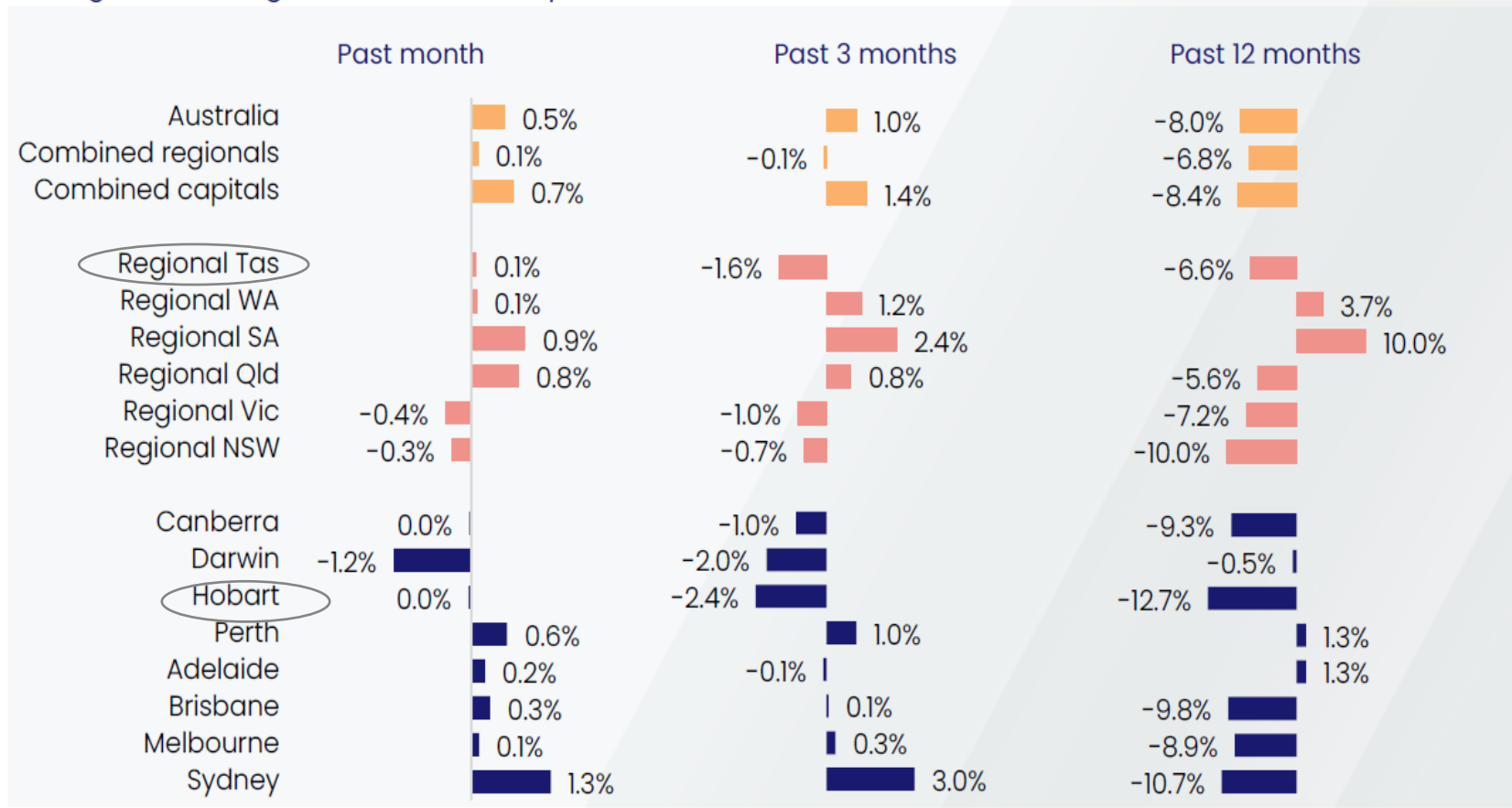
Ratio to household disposable income



\* Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises.

Sources: ABS; CoreLogic; RBA

## Change in dwelling values to end of April 2023



## Top 10 Capital city suburbs with highest 12-month value growth - Dwellings

Rank	Suburb	SA4 Name	Median Value	Annual change
<i>Greater Hobart</i>				
1	Brighton	Hobart	\$518,904	-5.1%
2	Hobart - North West	Hobart	\$547,457	-11.8%
3	Hobart - North East	Hobart	\$696,799	-12.0%
4	Hobart - South and West	Hobart	\$757,231	-12.6%
5	Sorell - Dodges Ferry	Hobart	\$586,967	-14.2%

# Top 10 Regional suburbs with highest 12- month value growth - Dwellings

Rank	Suburb	SA4 Name	Median Value	Annual change
Regional TAS				
1	Burnie - Ulverstone	West and North West	\$442,882	0.1%
2	Devonport	West and North West	\$474,998	-3.4%
3	South East Coast	South East	\$629,979	-7.5%
4	North East	Launceston and North East	\$481,961	-7.8%
5	Meander Valley - West Tamar	Launceston and North East	\$561,202	-8.3%
6	Launceston	Launceston and North East	\$520,663	-9.4%
7	Central Highlands	South East	\$425,432	-10.6%

## Summary of dwelling values through the pandemic to-date

Geography	Onset of COVID to cycle peak	Date of recent peak	Recent peak to recent trough	Date of recent trough	Recent trough to current
Sydney	24.5%	Jan 22	-13.8%	Jan 23	3.0%
Melbourne	10.7%	Feb 22	-9.6%	Feb 23	0.7%
Brisbane	41.8%	Jun 22	-11.0%	Feb 23	0.4%
Adelaide	44.7%	Jul 22	-2.4%	Mar 23	0.2%
Perth *	24.5%	Jul 22	-0.9%	Feb 23	11%
Hobart	37.6%	May 22	-13.0%	Apr 23	<at cyclical trough>
Darwin	31.1%	Aug 22	-3.3%	Apr 23	<at cyclical trough>
ACT	38.3%	Jun 22	-9.5%	Apr 23	<at cyclical trough>
Rest of NSW	47.6%	May 22	-10.3%	Apr 23	<at cyclical trough>
Rest of Vic.	34.4%	May 22	-7.5%	Apr 23	<at cyclical trough>
Rest of Qld	42.6%	Jun 22	-7.3%	Feb 23	11%
Rest of SA *	50.5%	-	-	-	<at cyclical peak>
Rest of WA *	30.2%	Jul 22	-0.3%	Oct 22	3.2%
Rest of Tas.	51.0%	Jun 22	-7.7%	Mar 23	0.1%
Combined capitals	22.3%	Apr 22	-9.7%	Feb 23	1.4%
Combined regionals	41.6%	Jun 22	-7.7%	Feb 23	0.3%
Australia	26.2%	Apr 22	-9.1%	Feb 23	1.2%

Onset of pandemic calculated from March 2020

\* At cyclical high as at end of April 2023



# Rental Markets

## Rents continue to rise.

Acute shortage of rental accommodation across all parts of the state are seeing an upward pressure on rental prices.

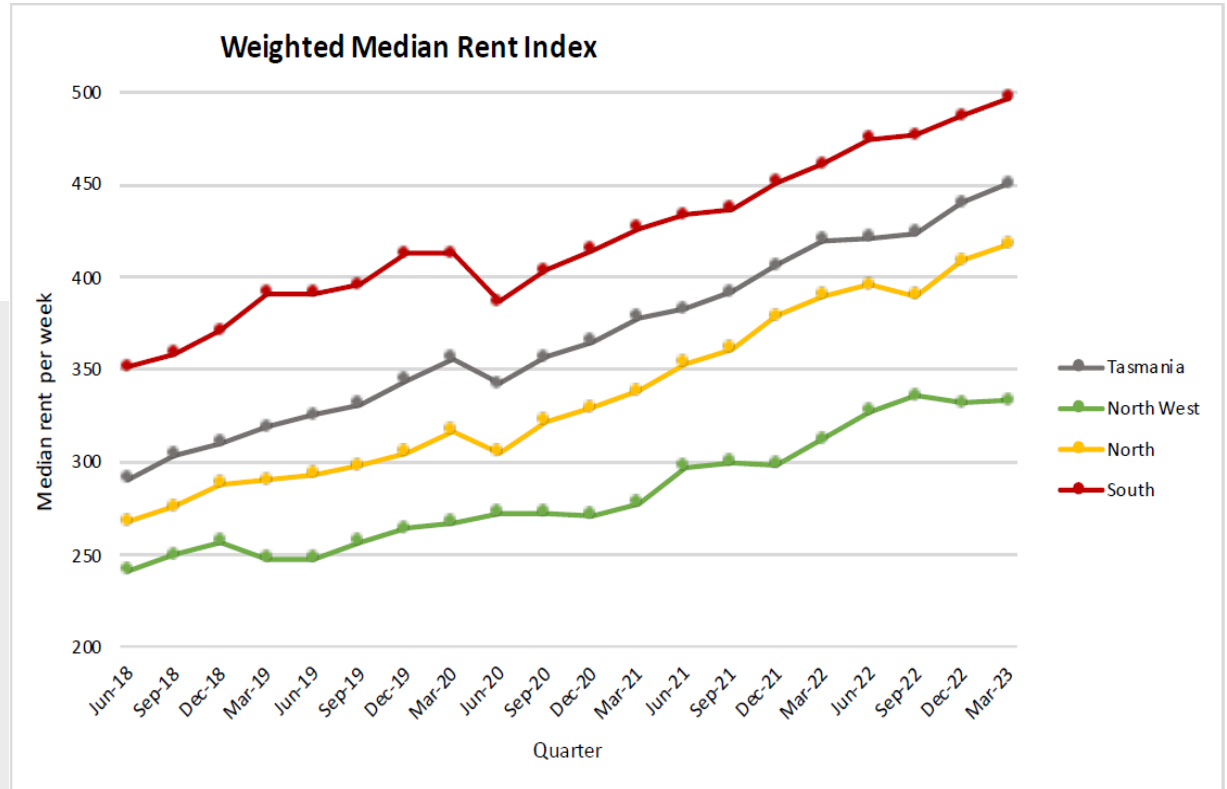


Vacancy rates very low – 1.6% April for Hobart.



TIGHT  
RENTAL  
MARKET

# Tasmania: Rents



Source: Tenants' Union of Tasmania

# Rental Markets

## Rents continue to rise.

Acute shortage of rental accommodation across all parts of the state are seeing an upward pressure on rental prices.



Vacancy rates very low.



According to the 2022 Rental Affordability Index, Greater Hobart remained the least affordable capital city in Australia relative to income since 2019. Average rental household in Hobart is close to rental stress (29% on rent from income).



Regional Tasmania shows a decline in affordability, a historic low, over the last year (28% of their income).



Annual change in rents for houses in Hobart 3.1% trending down, and for units 7.2%.



TIGHT  
RENTAL  
MARKET

## COMMUNITY SERVICES, INFRASTRUCTURE AND HOUSING

Performance Measure	Unit of Measure	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual
<b>Housing Tasmania</b>					
Public Housing occupancy rate <sup>1</sup>	%	99.2	99.3	99.4	99.2
Applicants housed <sup>2</sup>	Number	1 054	1 060	816	859
New allocations to those in greatest need <sup>3</sup>	%	100	97.4	96.8	87.4
Households assisted through Private Rental Assistance	Number	2 242	2 153	1 547	1 674
Applicants on the Housing Register	Number	3 330	3 373	4 144	4 453
Average wait time for people who are housed (year to date)	Weeks	57.1	61.8	68.0	82.9
Average time to house priority applicants (quarterly) <sup>4</sup>	Weeks	67.1	63.6	53.6	76.5
Net recurrent cost per dwelling <sup>5</sup>	\$	8 645	8 743	N/A	N/A
Turnaround time <sup>2</sup>	Days	20.5	20.4	29.2	28.5

Notes:

<sup>1</sup> From 2021-22, this is the 12 month rolling average as outlined in the Housing Dashboard.

<sup>2</sup> This indicator includes applicants housed into public or community housing from the Housing Register.

<sup>3</sup> This performance indicator has been amended from representing only applicants in public housing, to applicants housed in all social housing from 2021-22.

<sup>4</sup> This performance indicator represents applicants housed in all social housing.

<sup>5</sup> Figures from previous years are updated to reflect comparable data based on 2020-21 dollars. The 2021-22 actuals were not available from the Report on Government Services at the time of reporting. Figures are for public housing only and exclude State Owned and Managed Indigenous Housing.

# Priorities

1. Cost of Living;
2. Housing stress; and
3. Continue investing in the future.



# Housing Initiatives

## Build Up Tassie

\$4 million over 6 years.  
(Vulnerable young people building affordable homes).

## \$3.9 million FV rapid rehousing + Shelter

50 FV rehousing homes per annum.

## Youth2Independence

\$5.2 million construction of 20 modular homes for youth, conversion of 10 public housing homes.

## FHOG Scheme (and pensioner downsizing stamp duty concession)

Extension to Jun 2024.  
**Headworks Holiday** -- Residential Land Release Rebate initiative

## Land tax exemptions for newly constructed dwellings for long-term rental

(and STA converted to long term rental)  
Extension to Jun 2024.  
**Ancillary building grant** – for long-term rent

## MyHome Extension

Shared equity program.

# Housing Initiatives

**\$1.5 billion investment over 10 years (2032) to build or acquire 10,000 new social and affordable homes.**

**\$373 million to Homes Tasmania in flexible “funding”.**

**\$1.5 million Private Rental Incentive Scheme Enhancement. (\$7.5 million)**

# Cost of Living Initiatives

Energy Relief Bill Rebate –  
\$45 million

Energy Savers Loan scheme.

Emergency food relief –  
\$3 million

**Concessions for water and  
sewerage, electricity, local council  
rates, taxi fares.**

**Ticket to Play voucher.**

**Student assistance for school  
levies + Family assistance  
program**



# 2023-24 Budget details

1. Sensible (predictable);
2. Responsible (conservative);
3. Careful (low risk); and
4. Targeted.

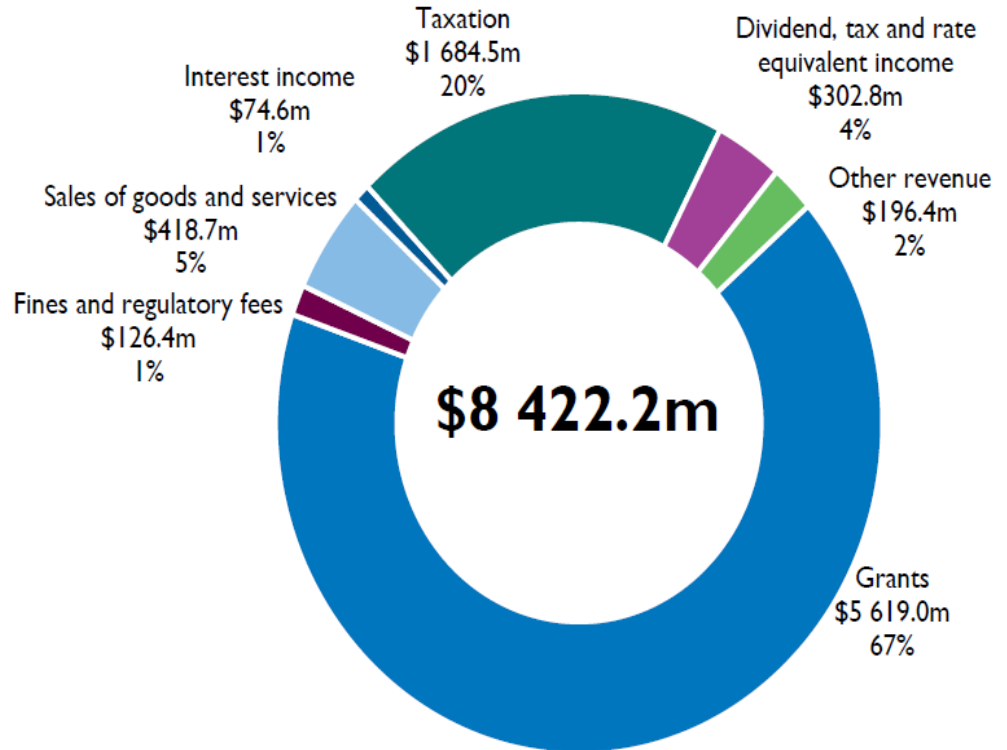
## *Questions*

1. Supports the efforts towards slowing inflation.
2. What is in there for me?
3. Bold plan for the future -- continuation



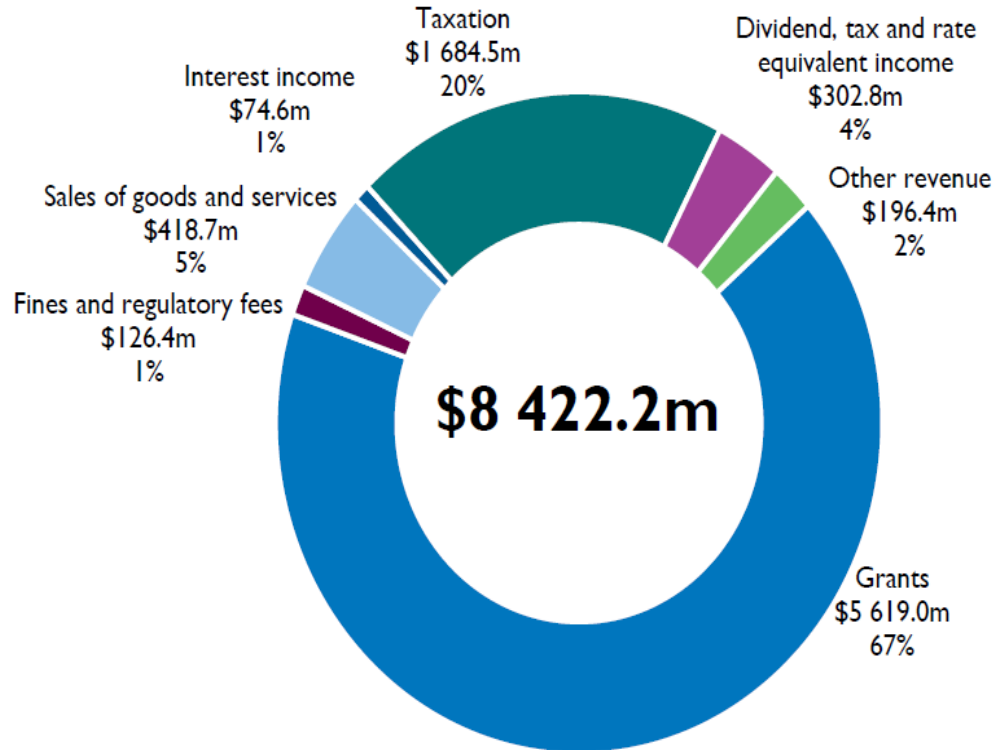
# Sustainable revenue source?

Chart 1.4: Sources of General Government Revenue, 2023-24



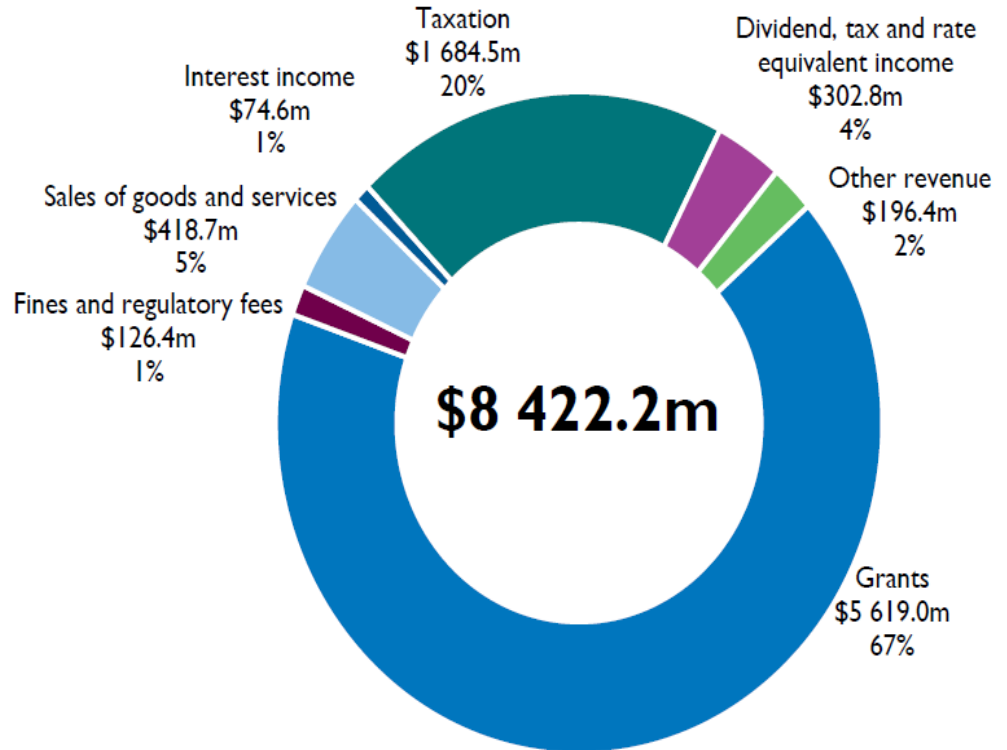
# Sustainable revenue source?

Chart 1.4: Sources of General Government Revenue, 2023-24



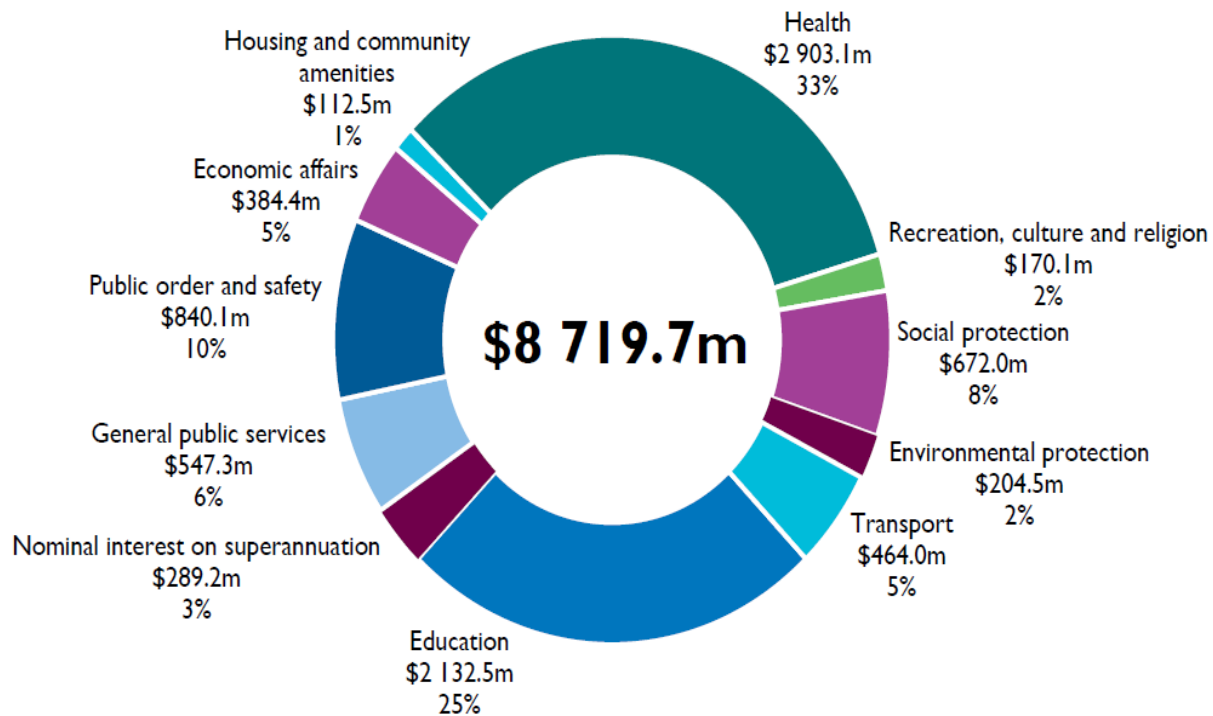
# Sustainable revenue source?

Chart 1.4: Sources of General Government Revenue, 2023-24



# Expenditure in the right place?

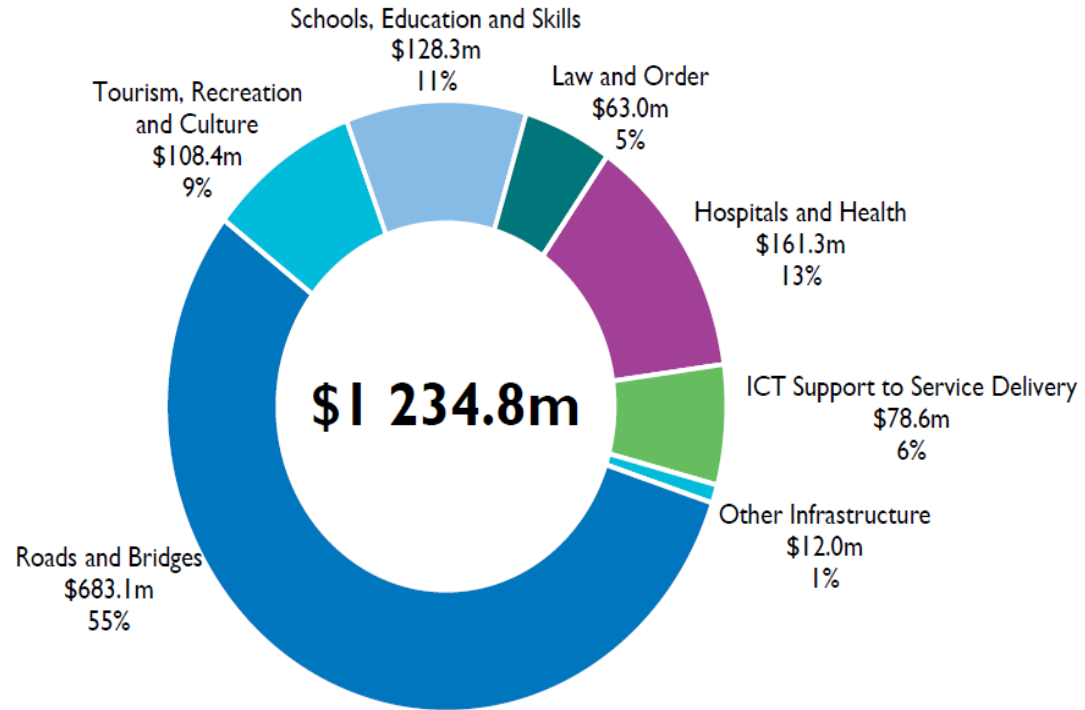
Chart I.5: General Government Expenses by Purpose, 2023-24<sup>1</sup>



# Too many roads and bridges?

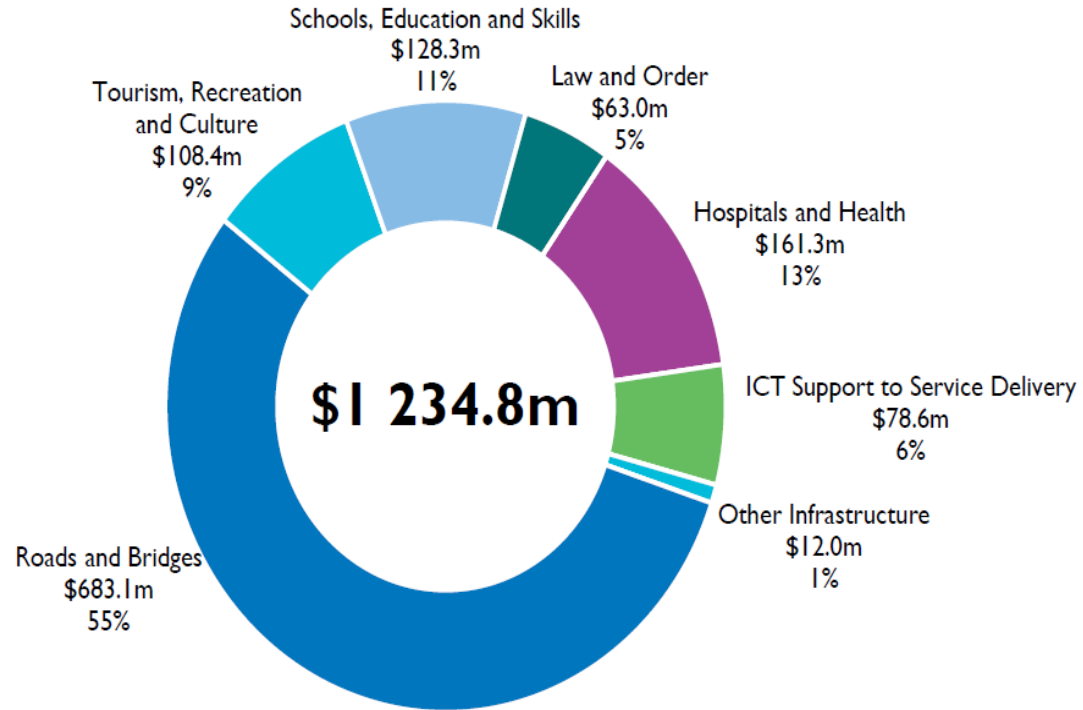
Chart I.6:

2023-24 Infrastructure Investment by Classification<sup>1</sup>



# Too many roads and bridges?

Chart I.6: 2023-24 Infrastructure Investment by Classification<sup>1</sup>

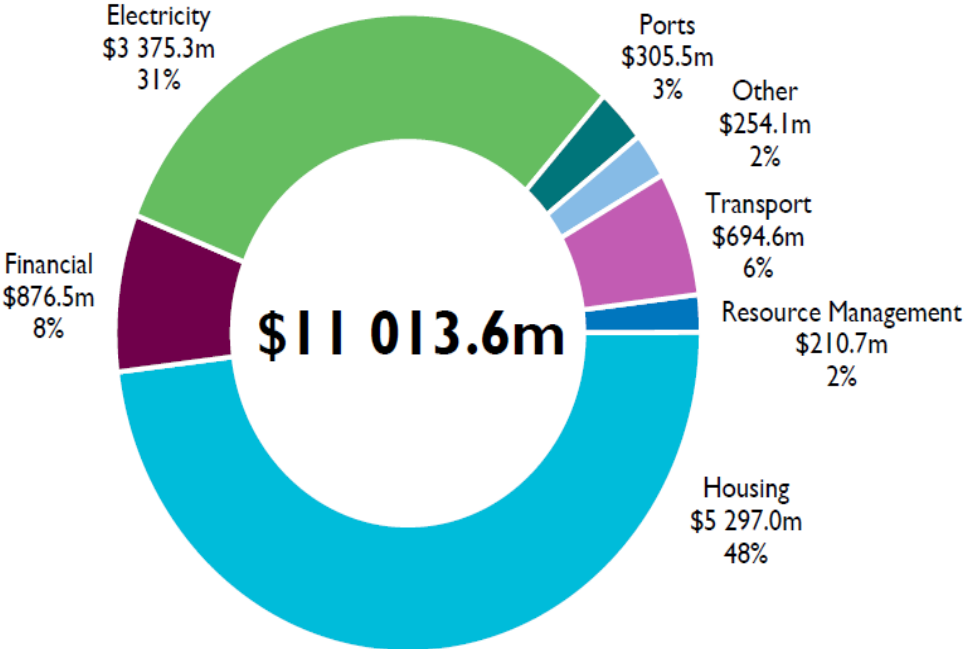


In 2023-24, total Roads and Bridges Infrastructure is budgeted to be \$683.1 million. Major infrastructure projects include:

- New Bridgewater Bridge (\$270.1 million);
- Infrastructure Maintenance (\$108.8 million);
- Roads of Strategic Importance (\$92.5 million);
- Greater Hobart Traffic Solution (\$35.7 million);
- Midland Highway (\$31.9 million);
- Road Safety Projects (\$20.8 million); and
- State Road Upgrades - Northern Region (\$15 million).

# Equity Investment

Chart 7.6: Equity Investment in PNFC and PFC Sectors as at 30 June 2024





# Homes Tasmania

- Homes Tasmania is also building opportunities for Tasmanians by delivering the 10-year, \$1.5 billion plan to provide 10 000 new social and affordable homes by 2032.
- This plan will be supported by a 20-Year Housing Strategy for Tasmania, which will be finalised this year.
- The Strategy will guide the type of housing Tasmania needs, where it is built, when and for whom.
- This will ensure that the diversity of housing options Tasmania will need for its changing population, both now and into the future, is planned, supported and delivered.

Table 28.1: Key Deliverables Statement

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000
Build Up Tassie	225	321	793	849
Expand Annie Kenney Youth Shelter	214	214	214	214
Family Violence Rapid Rehousing	971	971	971	971
Hobart Women's Shelter Emergency Response	432	432	432	432
MyHome Extension	500	500	....	....
Private Rental Incentive Scheme Enhancement	3 230	3 330	980	....
Shelter Tas - Additional Funding	80	80	....	....
Statewide Safe Spaces	7 007	7 007	7 007	7 007
Youth2Independence	100	1 930	1 930	1 930

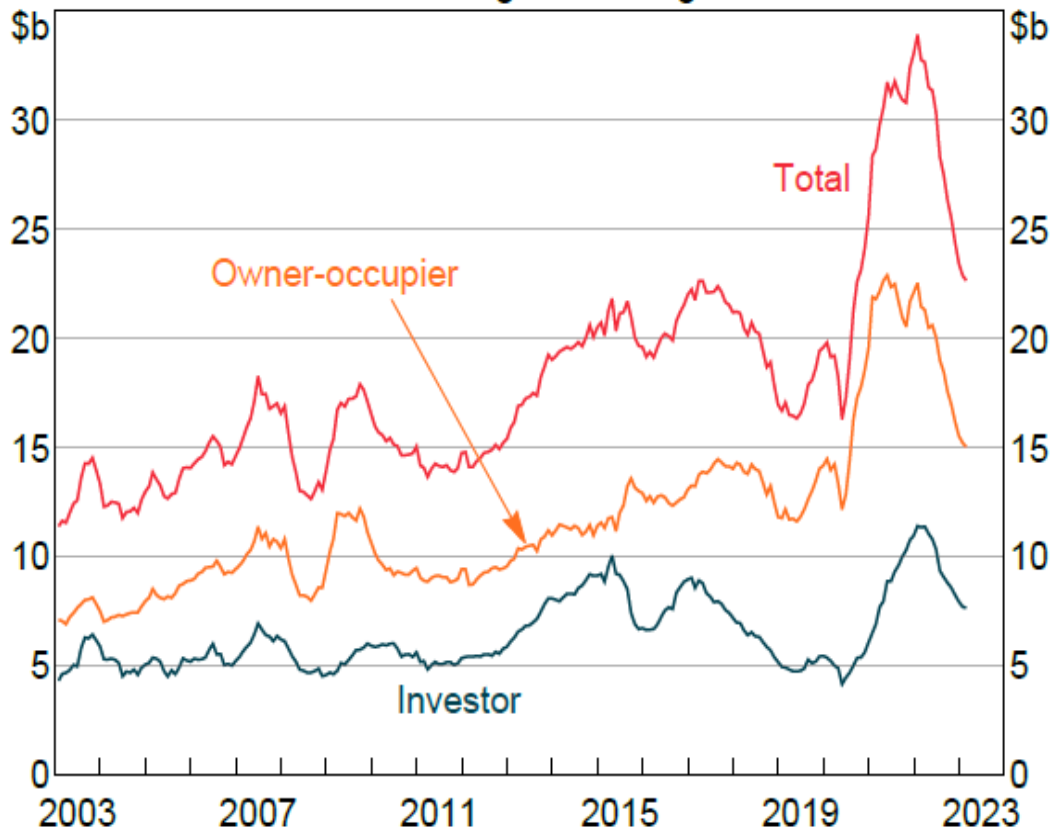


UNIVERSITY of   
TASMANIA

**Thank you**

# Housing Loan Commitments\*

Excluding refinancing



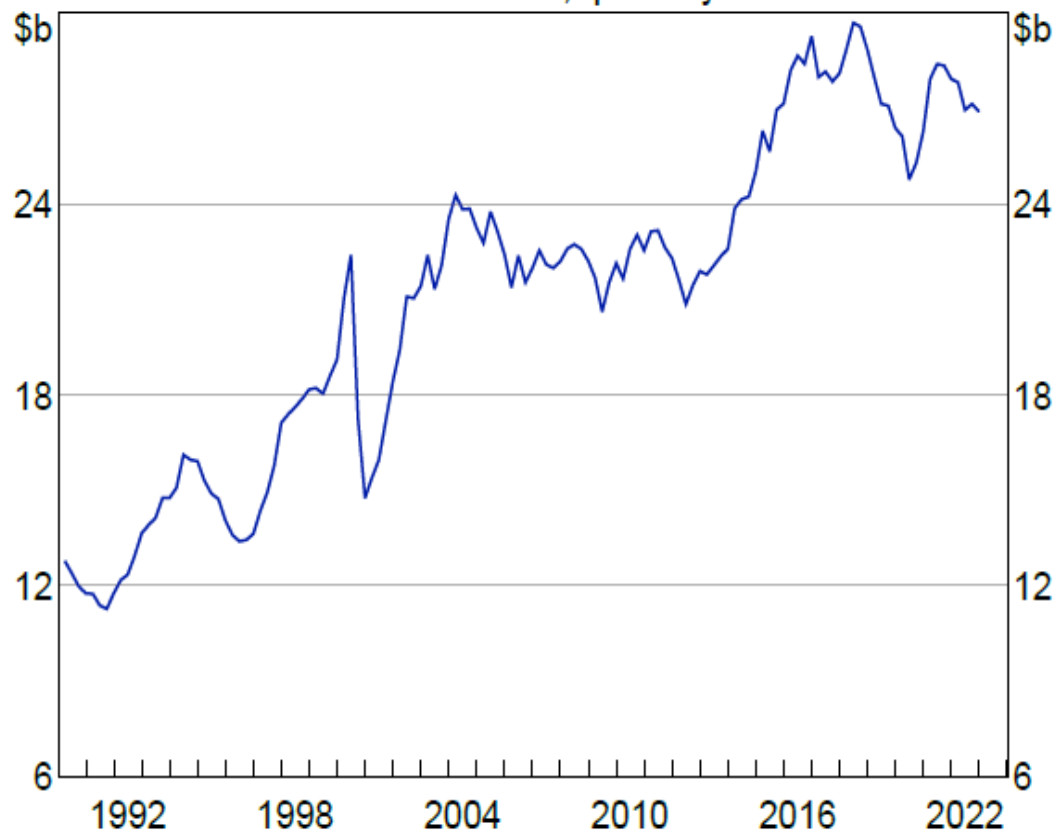
\* Seasonally adjusted.

Sources: ABS; RBA

# Housing markets

## Private Dwelling Investment\*

Chain volume, quarterly



\* Reference year is 2020/21.

Source: ABS

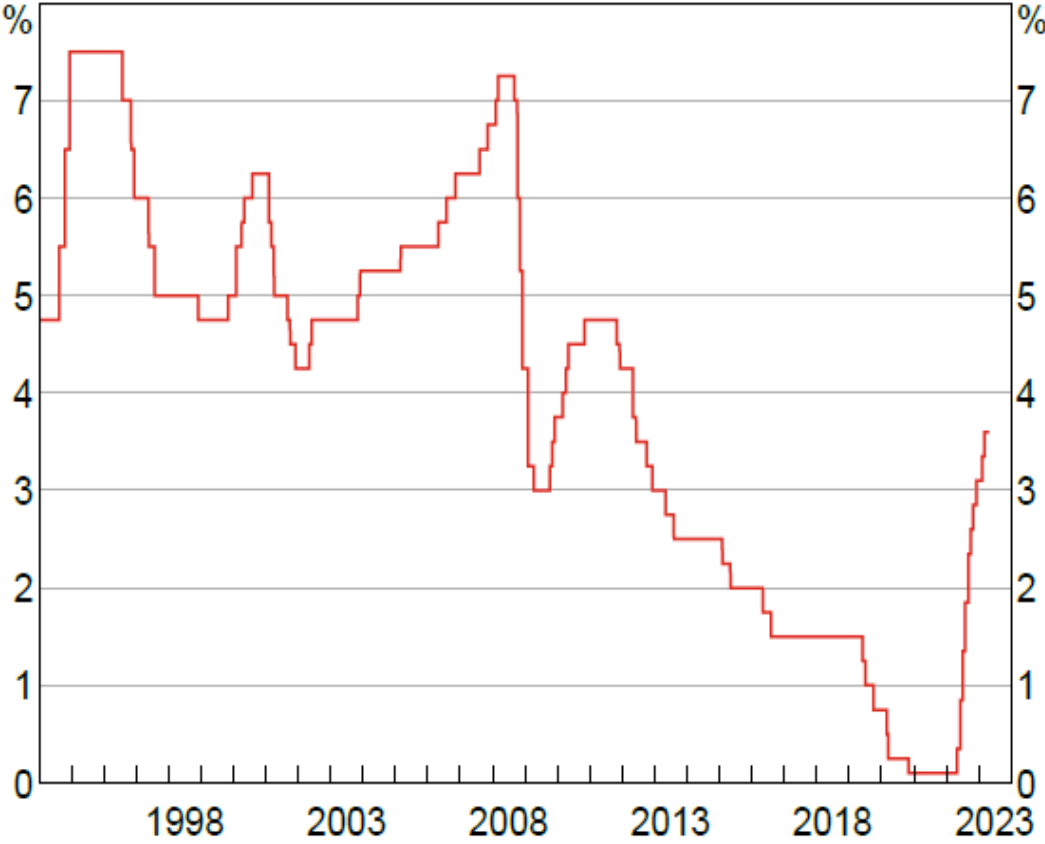
**Table 6. Comparing the penetration of Airbnb in Hobart, Melbourne and Sydney - December 2021 estimate**

<b>Location</b>	<b>Airbnb Density</b>
<b>Greater Sydney</b>	<b>0.83%</b>
Sydney LGA	2.08%
<b>Greater Melbourne</b>	<b>1.25%</b>
Melbourne LGA	3.82%
<b>Greater Hobart</b>	<b>5.65%</b>
Hobart City LGA	9.33%

Source: Inside Airbnb, NSW Government Rent and Sales Report (2021,) Victorian Department of Health and Human Services (2021), ABS Census 2016 and Table 3.

Hobart has more STR as a proportion of its total private long-term rental market relative to other cities.

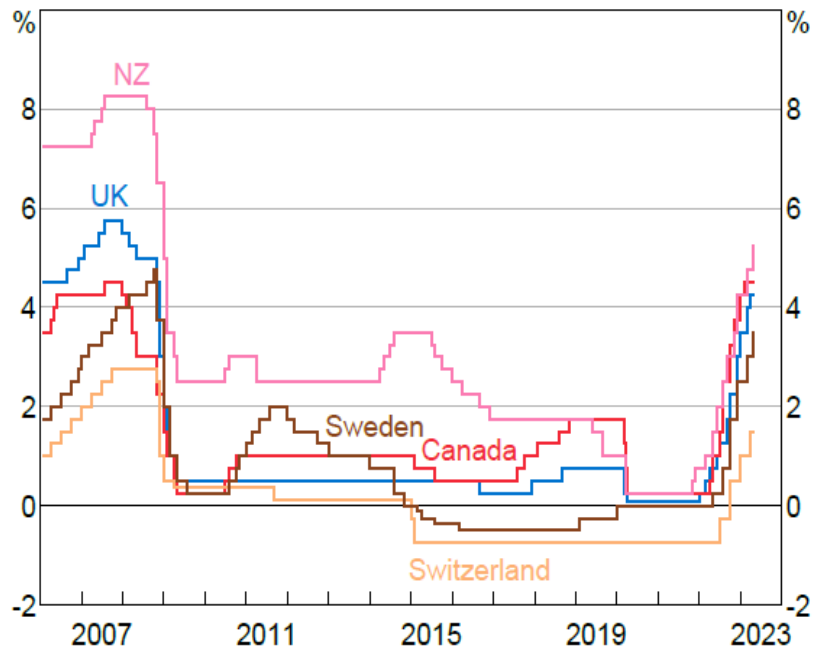
# Australian Cash Rate Target



3.85%

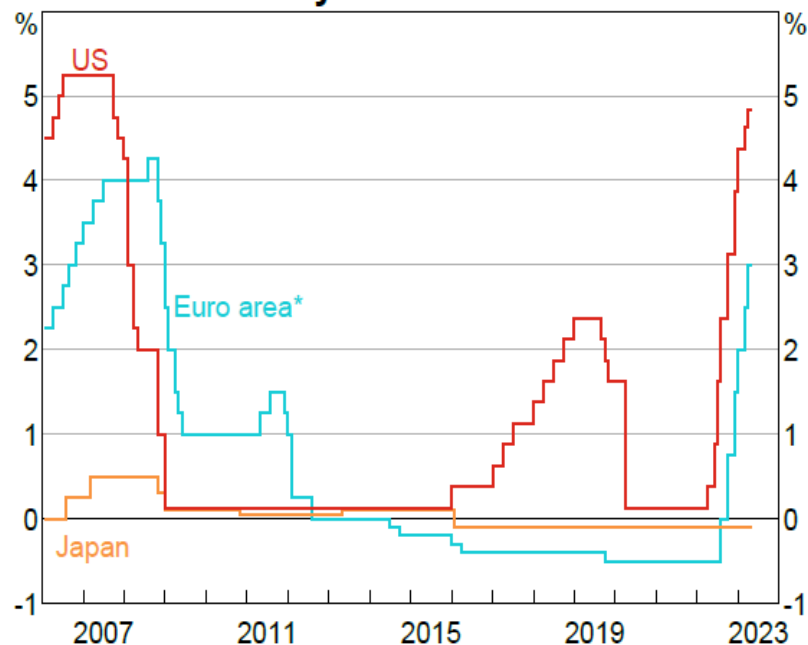
Source: RBA

## Policy Interest Rates – Selected Advanced Economies



Source: Central banks

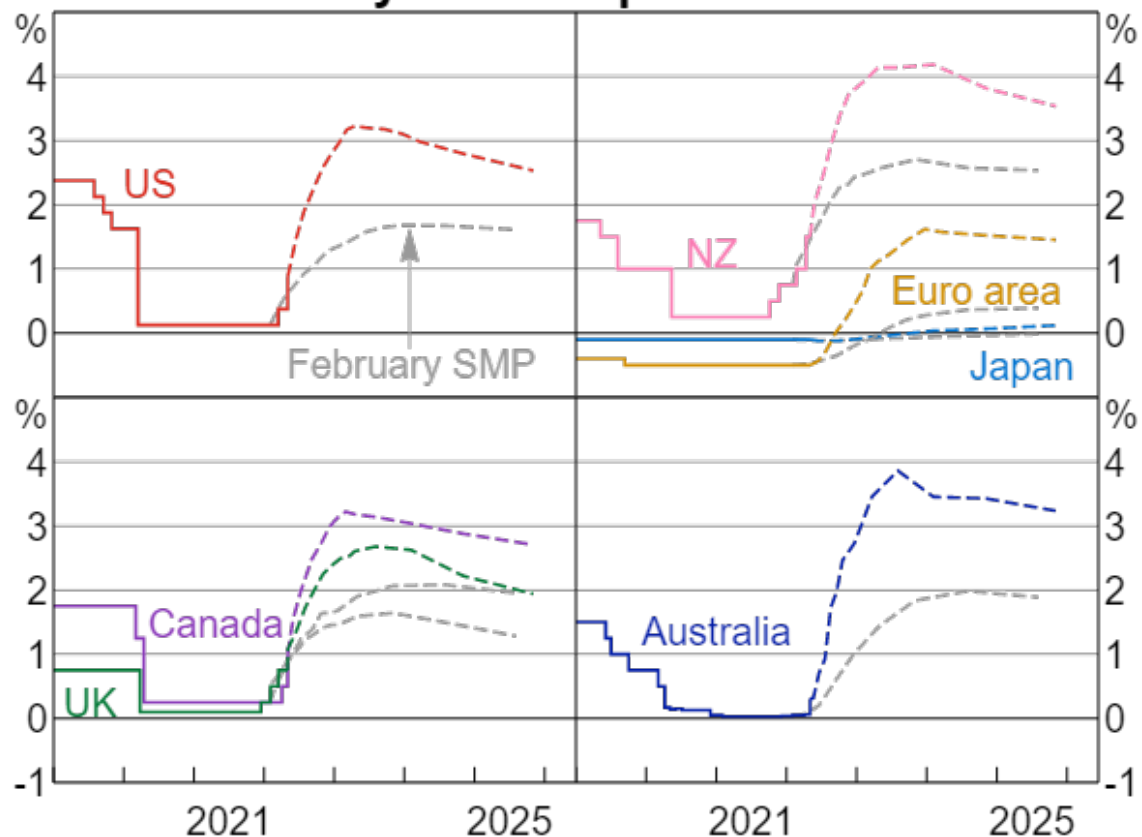
## Policy Interest Rates



\* Main refinancing rate until the introduction of 3-year LTRs in December 2011; deposit facility rate thereafter.

Source: Central banks

## Policy Rate Expectations\*



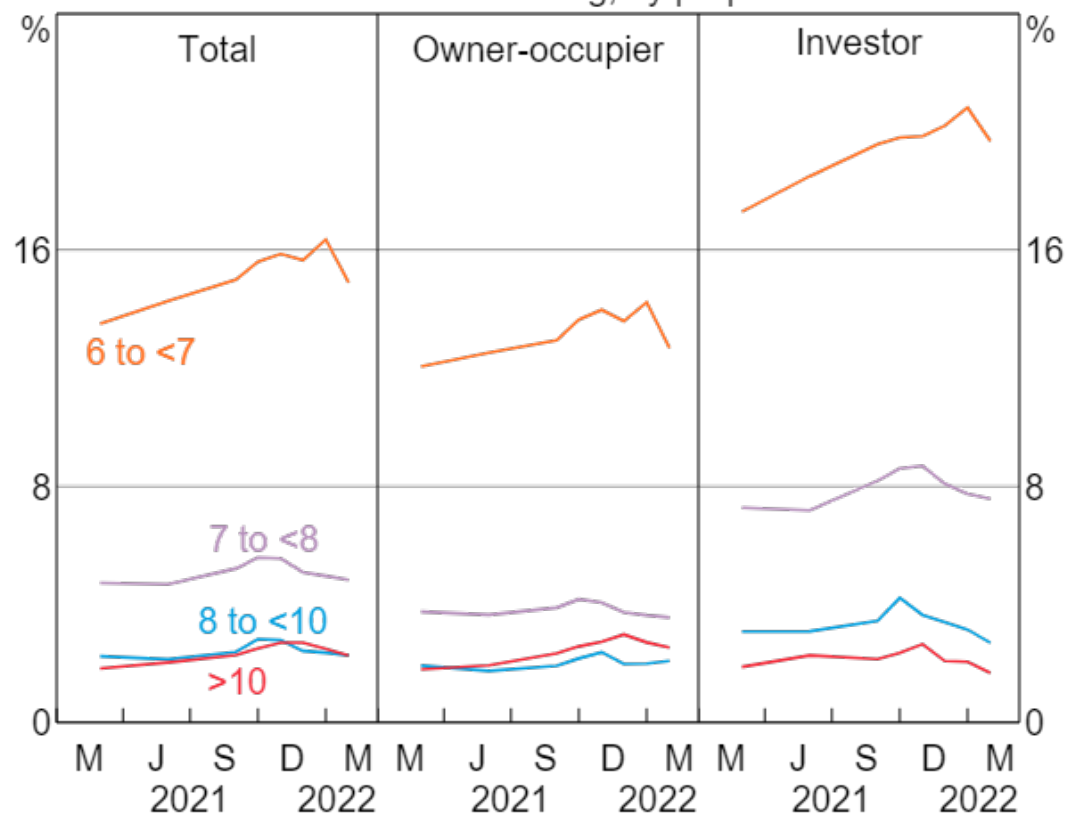
\* Dashed lines show expectations implied by overnight indexed swap rates.

Sources: Bloomberg; RBA



# High-DTI Lending\*

Share of new lending, by purpose

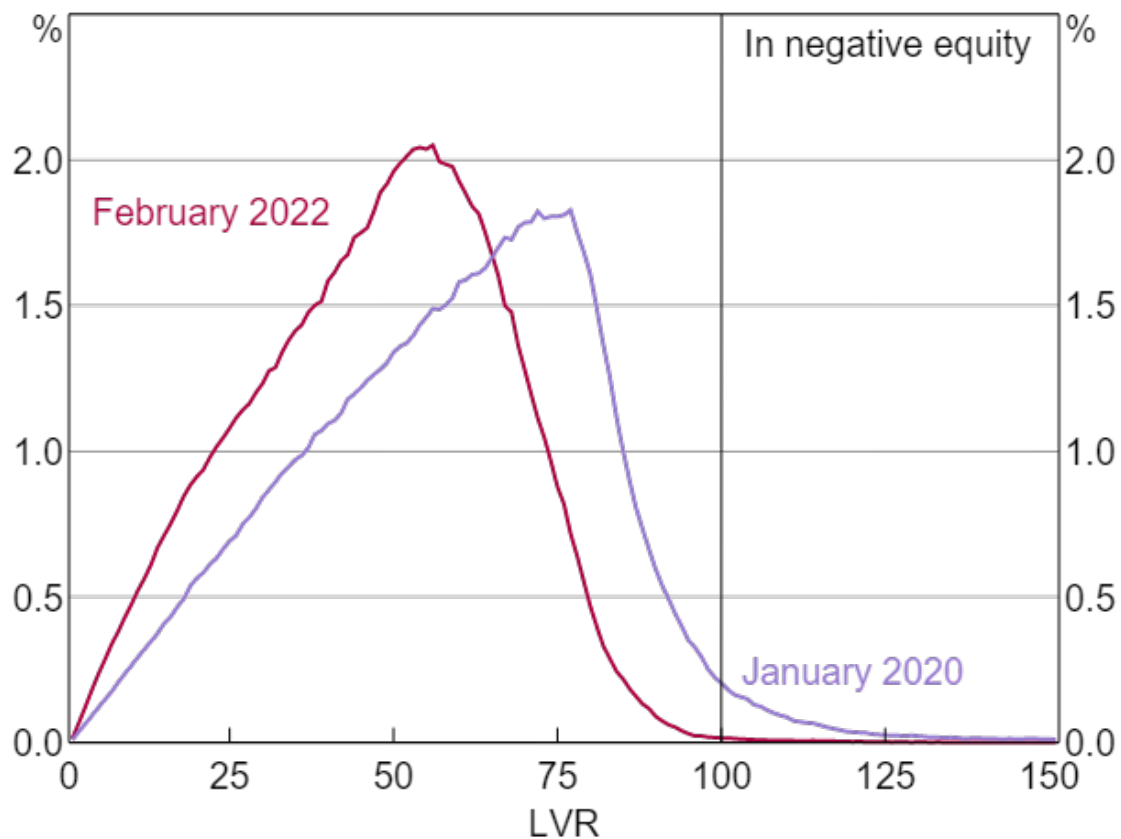


\* For the largest mortgage lenders; data provided on a 'best endeavours' basis.

Sources: APRA; RBA

# Outstanding LVR Distribution\*

Share of balances

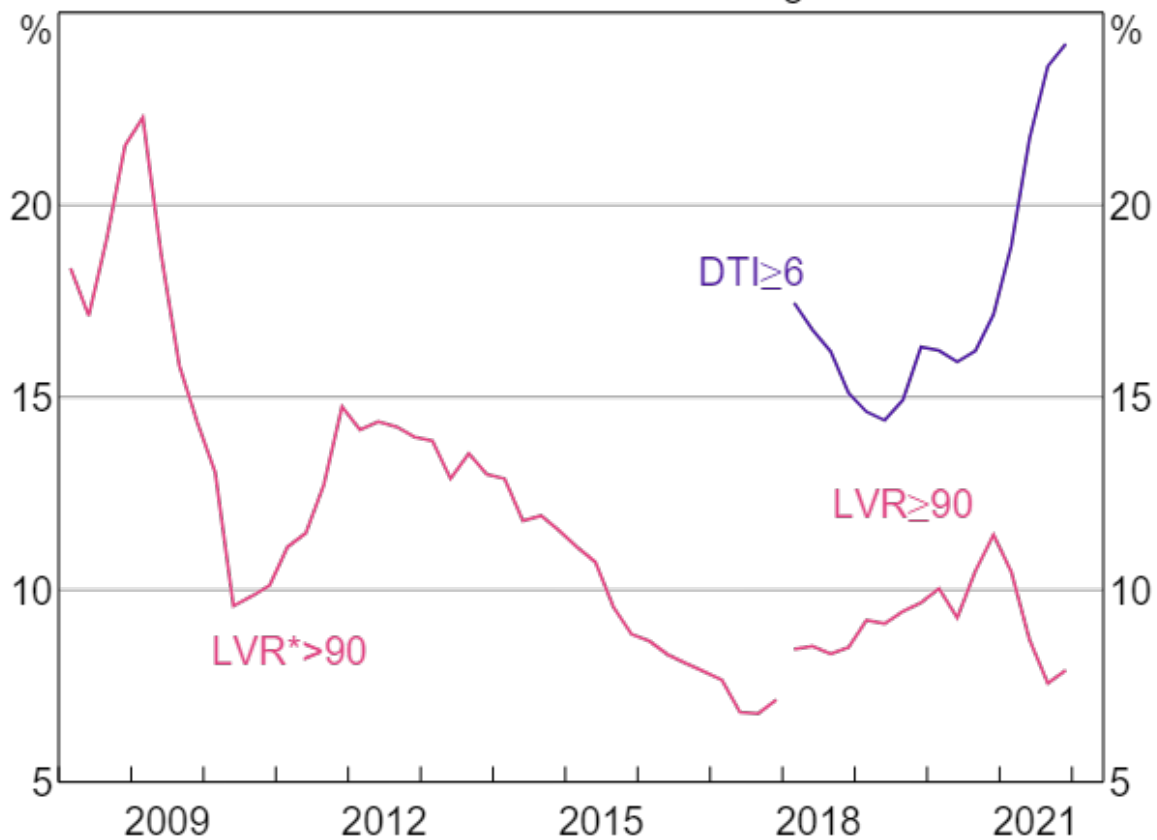


\* Loan balances adjusted for redraw and offset account balances; property prices estimated using SA3 price indices.

Sources: ABS; CoreLogic; RBA; Securitisation System

# ADIs' Housing Loan Characteristics

Share of total new lending

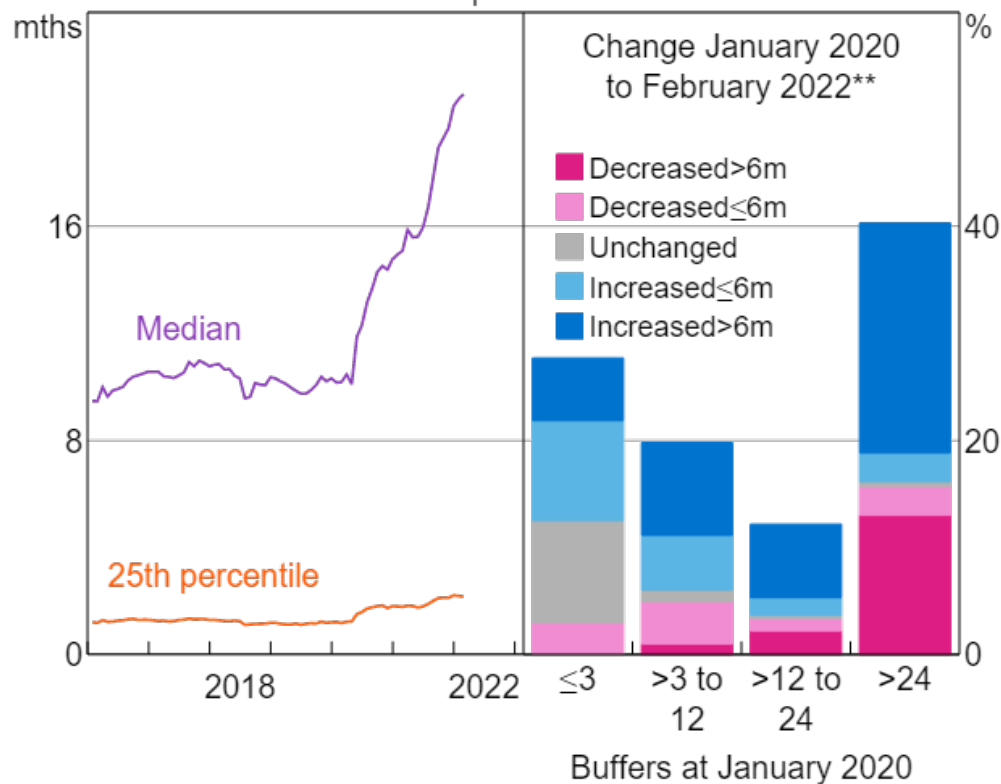


\* LVR series breaks at March 2018 due to reporting changes.

Sources: APRA; RBA

# Mortgage Excess Payment Buffers\*

For owner-occupier variable-rate loans



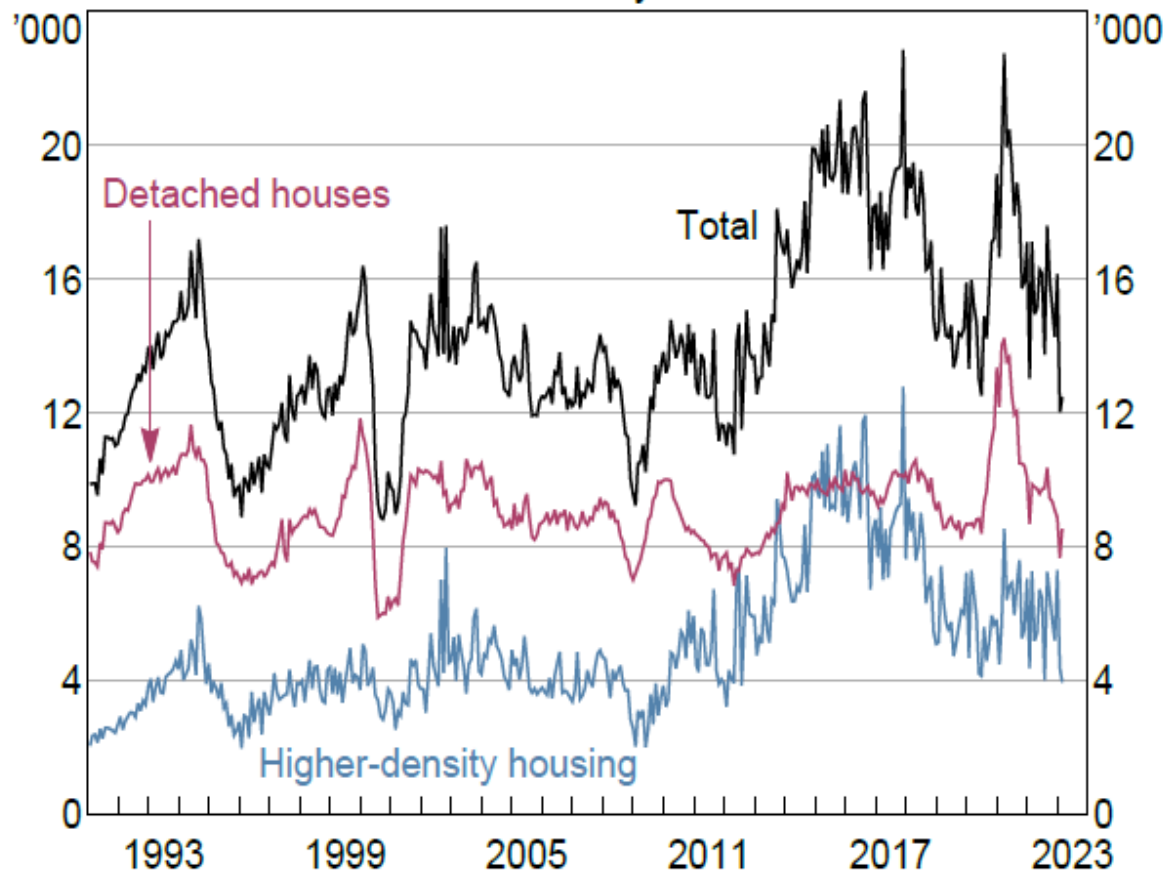
\* Offset plus redraw balances; measured in months of minimum repayments; excludes split loans.

\*\* Expressed as a share of owner-occupier variable-rate loans.

Sources: RBA; Securitisation System

# Private Residential Building Approvals

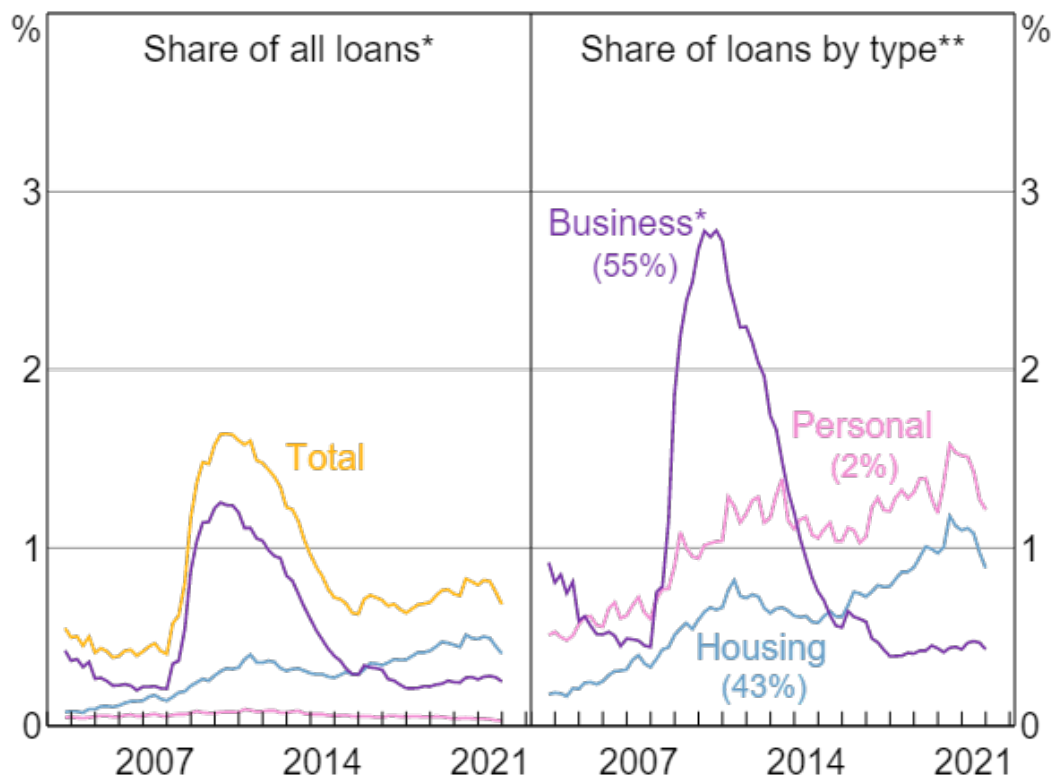
Monthly



Source: ABS

# Banks' Non-performing Loans

Domestic books



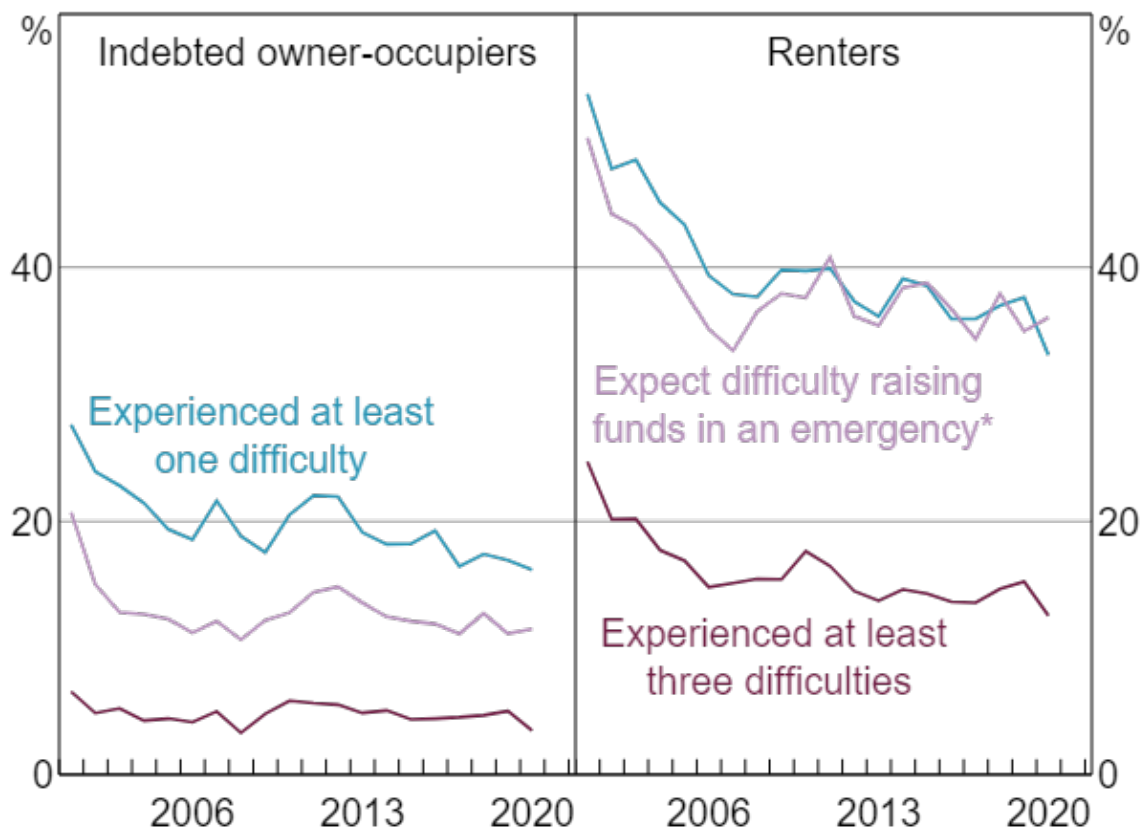
\* Includes lending to financial businesses, bills, short-term and long-term debt securities and other non-household loans.

\*\* Share of total domestic lending shown in parentheses.

Sources: APRA; RBA

# Incidence of Financial Stress

Share of households



\* \$2,000 from 2001–2008; \$3,000 from 2009–2019; \$4,000 in 2020.

Sources: HILDA Survey Release 20.0; RBA