



## Request for budget analysis

Impact of super for housing on commonwealth rent assistance	
Person/party requesting the analysis:	Senator Andrew Bragg, Liberal Party of Australia
Date analysis completed:	12 June 2024
Expiry date of the analysis:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period
	<input checked="" type="checkbox"/> Confidential – <i>Authorised for public release on 19 June 2024</i> <input type="checkbox"/> Not confidential
<p>Summary of request:</p> <p>The request sought the savings in Commonwealth Rent Assistance, resulting from purchasing a home under the Coalitions' proposed super for housing policy. The super for housing policy was described in the Coalitions' 2022 election policy and would allow individuals to withdraw up to \$50,000 from their superannuation (up to a maximum 40% of their superannuation balance) to purchase their first home.</p> <p>The analysis would focus on 38-year-olds and would assume that 20% of renters would purchase a home due to the scheme.</p> <p>The policy would commence from 1 July 2024 and would be ongoing. The impacts on the 38-year-old cohort would be estimated over the forward estimates and the medium term.</p>	

## Overview

For the cohort of individuals aged 38 in 2024-25, the proposal is expected to reduce the cost of the Commonwealth Rent Assistance (CRA) by \$35.4 million over the 2023-24 Budget forward estimates period, and \$86.4 million over the period to 2034-35. A breakdown of the financial implications over the period to 2034-35 is provided at Attachment A.

**Table 1: Impact of super for housing on commonwealth rent assistance – Financial implications (\$m)<sup>(a)(b)</sup>**

	2024-25	2025-26	2026-27	2027-28	Total to 2027-28
Fiscal balance	9.3	9.0	8.7	8.4	35.4
Underlying cash balance	9.3	9.0	8.7	8.4	35.4

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

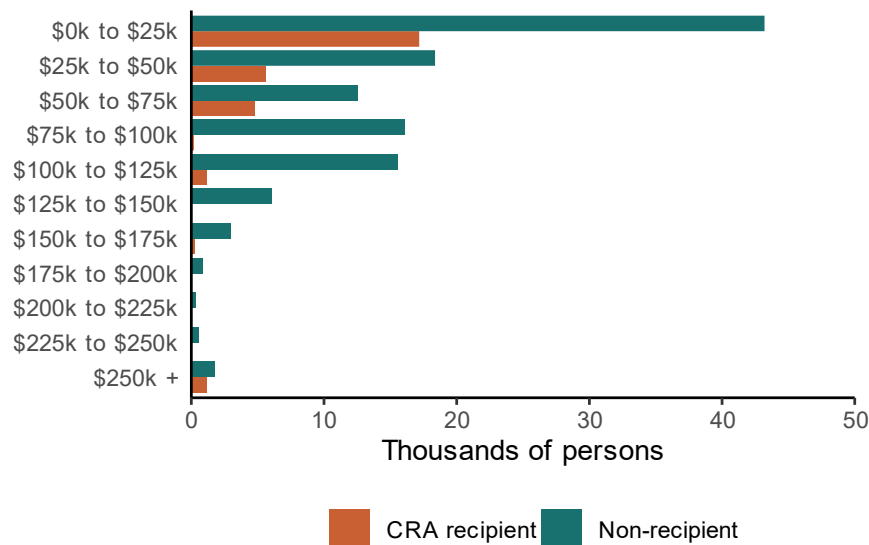
(b) PDI impacts are not included in the totals.

## Key assumptions and limitations

Individuals receiving CRA typically have low superannuation balances and therefore uptake from this cohort is expected to be limited. Based on the policy specifications, an individual would need at least \$125,000 in superannuation balance to fully utilise the scheme (i.e. to be eligible to withdraw the maximum \$50,000 allowable amount).

As many 38-year-old CRA renters have low or zero superannuation account balances (see Figure 1), the 20% sample was taken from the individuals with the highest superannuation balances. This composition was chosen as they would be the group most able to take full advantage of the policy.

**Figure 1: Superannuation account balances of 38-year-olds by Commonwealth Rent Assistance (CRA) recipient status in 2019-20**



It was also assumed that in the absence of the policy, around 45% of this cohort would have purchased a home by the end of the medium term, based on an analysis of the 2019-20 Survey of Income and Housing (SIH) data.

The proposed policy would have additional implications for Government taxation revenue, particularly for superannuation tax, which were not included in this analysis.

## Methodology

The impact of the proposal was estimated using the unit record survey data (Survey of Income and Housing, 2019-20). The affected individuals were selected by ranking 38-year-old renters by their superannuation account balances and taking the top 20% of these individuals. This limited the selected individuals to those with a superannuation account balance of over \$100,000.

The total CRA entitlement of this cohort of individuals was extracted from the data and benchmarked by departmental Portfolio Budget Statement estimates and indexed by the Consumer Price Index.

## Data sources

ABS (Australian Bureau of Statistics) (2022) [2019-20 Survey of Income and Housing](#) [MicrodataDownload], ABS website, accessed 5 June 2024.

Commonwealth of Australia, 2024. 2024-25 Budget, Canberra: Commonwealth of Australia.

Department of Social Services Portfolio Budget Statement 2019-20, Section 2.1, page 45

Department of Social Services Portfolio Budget Statement 2024-25, Section 2.1, page 40

## Attachment A – Impact of super for housing on commonwealth rent assistance – financial implications

**Table A1: Impact of super for housing on commonwealth rent assistance – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total to 2027-28	Total to 2034-35
<i>Commonwealth Rent Assistance</i>	9.3	9.0	8.7	8.4	8.1	7.8	7.5	7.3	7.0	6.8	6.5	35.4	86.4
<b>Total (excluding PDI)</b>	<b>9.3</b>	<b>9.0</b>	<b>8.7</b>	<b>8.4</b>	<b>8.1</b>	<b>7.8</b>	<b>7.5</b>	<b>7.3</b>	<b>7.0</b>	<b>6.8</b>	<b>6.5</b>	<b>35.4</b>	<b>86.4</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.