



Parliamentary
Budget Office

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:	22 July 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 2 August 2024</i> <input type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The request sought the savings in Commonwealth Rent Assistance, resulting from purchasing a home under the Coalition’s proposed super for housing policy. The super for housing policy was described in the Coalition’s 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 35-45-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 35-45-year-old cohort would be estimated over the forward estimates and the medium term.</p>	

Costing overview

For the cohort of individuals aged 35-45 in 2024-25, the proposal is expected to reduce the cost of the Commonwealth Rent Assistance (CRA) by \$689 million over the 2024-25 Budget forward estimates period, and \$1.81 billion 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)^{(a)(b)}

	2024-25	2025-26	2026-27	2027-28	Total to 2027-28
Fiscal balance	175.0	174.0	171.0	169.0	689.0
Underlying cash balance	175.0	174.0	171.0	169.0	689.0

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

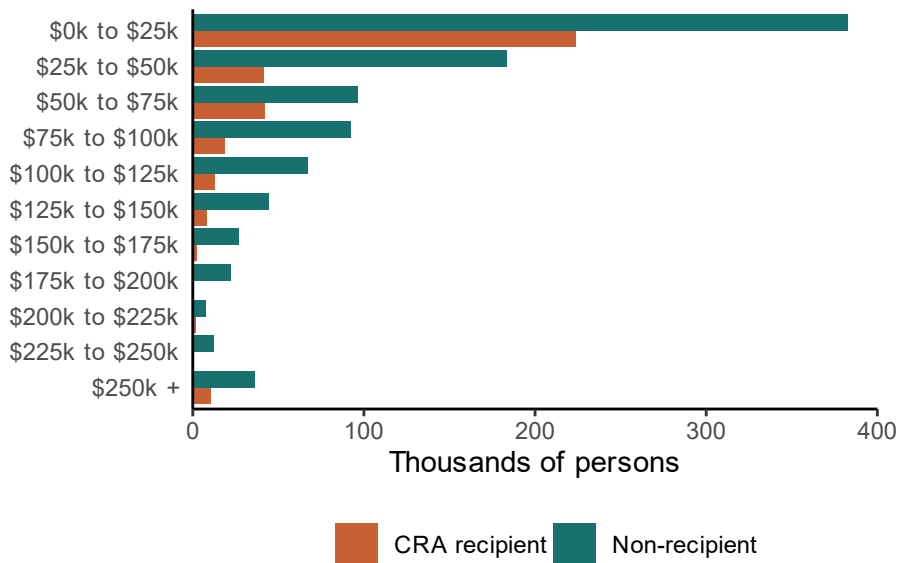
(b) PDI impacts are not included in the totals.

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).

Because many 35-45-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 35-45-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.

Data limitations

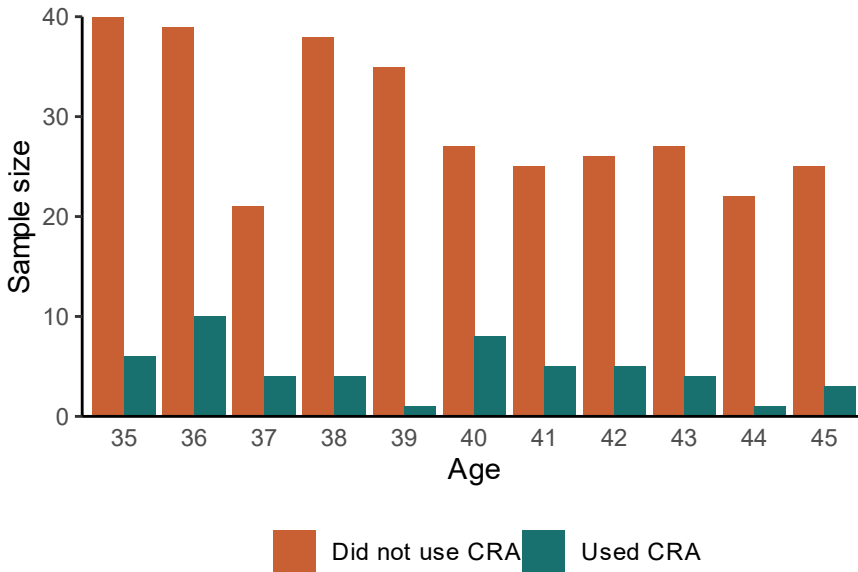
While the policy is unlikely to benefit a large number of individuals on CRA, the precise number of affected persons is subject to a high level of uncertainty. This is partly driven by the use of a survey with a small sample of potentially affected individuals. Despite a relatively small sample size, the SIH

was used as it contains linked information about both transfer payment receipts as well as superannuation balances.

This is apparent if these results are compared with previously published PBO analysis (PBO 2024), which focused on 38-year-olds rather than 35-45-year-olds. While the SIH surveyed 482 individuals between age of 35 and 45 who were granted CRA, only 51 of those individuals were found to be in the top 20% of superannuation account balances of those who rent in that age cohort.

As shown in the chart below, the number of individuals surveyed who were in receipt of CRA are particularly small and vary considerably by individual year of age.

Figure 2: Sample sizes for the top 20% of superannuation account balances amongst renters in the Survey of Income and Housing, by those on and not on Commonwealth Rent Assistance



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 35-45-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.

Financial implications were rounded consistent with the PBO’s rounding rules as outlined on the PBO Costings and budget information webpage.¹

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

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

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

PBO (Parliamentary Budget Office) (2024) [Impact of super for housing on Commonwealth Rent Assistance](#), PBO website, accessed 22 July 2024.

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)^(a)

	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>	175.0	174.0	171.0	169.0	167.0	164.0	162.0	160.0	158.0	156.0	154.0	689.0	1,810.0
Total (excluding PDI)	175.0	174.0	171.0	169.0	167.0	164.0	162.0	160.0	158.0	156.0	154.0	689.0	1,810.0

(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.