

2013-14

Pre-Budget Submission of the



# Equality Rights Alliance

This submission is endorsed by:



Network of Immigrant  
& Refugee Women  
Australia Inc.

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# 1. Overview

This submission from Equality Rights Alliance (ERA) represents the views of Australia's largest network advocating for women's equality, women's leadership, and recognition of women's diversity. A full list of ERA members, who endorse this submission in whole or in part, is included in Appendix One.

ERA, led by YWCA Australia, brings together almost sixty organisations with an interest in advancing women's equality. To advance gender equality, ERA adopts a human rights framework and advocates for adherence to international human rights principles.

ERA and its member organisations have become increasingly concerned that policy debate and planning the affordable housing area is gender blind. As women are the population group most affected by a lack of housing affordability, a gender blind approach risks policy failure.

We strongly support the Commonwealth government's commitment to continuing funding and support for the National Affordable Housing Agreement (NAHA). We are concerned that, in its current form, NAHA does not sufficiently address the needs of women, especially ageing women.

Our submission outlines policy recommendations for consideration by the Government in the 2013-14 Federal Budget. Our submission proposes measures to raise revenue of \$1.75b in 2013-14 and investment of \$1.75b in 2014-15 for affordable housing that meets the diverse needs of women.

The lack of housing affordability in Australia is an issue driven by poverty, and any long term approach to housing must ultimately address the underlying drivers of poverty. However, we understand the need to constrain additional expenditure during the current unpredictable global economic climate. For this reason, our recommendations for additional expenditure focus on those measures which are likely to have flow on benefits in terms of reductions in welfare and health expenditure by:

- ensuring those in the lowest income brackets are able to meet their basic needs through access to affordable housing, and
- a reduction in the inequity in the tax and superannuation system.

In this submission, we have suggested new ways to fund these recommendations. We hope that these suggestions can be implemented quickly, to provide relief to growing numbers of women impacted by the critical shortage of affordable rental housing.

ERA is able to provide supporting information, or provide contacts for further discussion, on any of the topics within this submission, as well as on other issues affecting women. Please contact Helen Dalley-Fisher on 02 6230 5152 or email [era@ywca.org.au](mailto:era@ywca.org.au)

## 2. Safe as Houses: Ageing women and Housing Stress

Housing stress is fundamentally an issue of poverty and as Australian women face significant financial disadvantage when compared with men, a lack of housing affordability disproportionately affects women in our community.

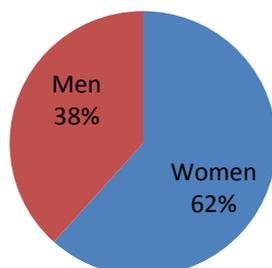
A growing body of evidence shows that we are on the verge of a tsunami of ageing women in housing stress and homelessness in Australia. Research by Professor Judith Yates of the University of Sydney shows the impact of the lack of affordable housing may be felt disproportionately by women because of the high number of women in low paid jobs, women heading single parent families and the higher rates of poverty among ageing women living alone<sup>i</sup>. Other factors which impact on ageing women's ability to sustain their housing include the greater likelihood that women will experience violence/abuse in her lifetime, a greater likelihood of being forced out of the workforce due to age and lower rates of superannuation accumulation. These factors combine to make it difficult for ageing women to pay private rent or buy a home – which will increasingly mean that older single women are unable to sustain their housing. Worryingly, current figures on housing stress and homelessness do not identify this category of women, which means that current calculations of projected housing need are likely to be inadequate to meet actual future demand.

For the purposes of this submission, ageing women are defined as those aged 45 years or more. This takes into account the lower life expectancy of Indigenous women, and the ageing benchmark of 45 years used in the *Personal Safety Survey 2005*<sup>ii</sup>, and Older Women's Network NSW reports *The Disappearing Age* and *It could be you: female, single, older and homeless*<sup>iii</sup>.

Housing affordability is an issue that affects ageing women in greater numbers than ageing men. According to the 2011 Census, there are 600,828 women in Australia who are single, over 45 years old, have less than median income, and do not own their home. By comparison, there are 373,794 men in the same situation<sup>iv</sup>.

The 2011 ABS Census also shows that among single people over 45 years old, women are much more likely to have less than median income: 62% of women compared to 38% of men. Even when older men are on a low income, they are more likely to be home owners: 38% of single men over 45 years old on less than median income do not own their own home, compared with 62% of women.

**Median Income or less, single, not a home owner, over 45 years old**



*Figure 1 Older Australians who are vulnerable to housing stress post-retirement.*

After their mid-60's, few women have incomes that are substantially above the Age Pension rate<sup>v</sup>. Most people over 65 years do not live in care-based accommodation. In fact, 95% live at home<sup>vi</sup>. For a growing number of ageing women, this leaves the private rental market as their only option.

In 2009-10, 24% of households in Australia were renting privately, and 4% lived in State or Territory provided public housing<sup>vii</sup>. In 2007-08, 41.5% of low income households in housing stress were paying off a mortgage, while 44.7% were paying private rent. More than one in five (21.5%) low income households were in housing stress (paying more than 30% of their gross income on housing costs) in 2007-08<sup>viii</sup>.

The financial inequity faced by women is further compounded for women who have a disability or are Aboriginal or Torres Strait Islander<sup>ix</sup>. Data from the 2011 Census shows that median income for men who were born in Australia, are not Indigenous, and do not require assistance with core activities is \$800-999 per week. Median income for women who were born in Australia, are not Indigenous, and do not require assistance with core activities is \$400-599 per week. For women who require assistance with core activities, or are Aboriginal or Torres Strait Islander, median income is \$300-399 per week. Median private rent in most Australian cities is more than 30% of the median income for Australian women, resulting in housing stress and vulnerability to homelessness.



*Figure 2 Impact of gender, disability, and cultural background on housing affordability*

National Partnership Agreements, National Rental Affordability Scheme (NRAS) and Social Housing Initiative.

The emerging levels of housing risk for ageing women cannot be reduced without a combined effort by governments, industry and community to address the poverty of ageing women that has accumulated over a lifetime<sup>x</sup>.

## **3. A Dual Approach to Housing Affordability**

The causes of housing stress for women are based on a lack of affordable rental housing, and women's lower financial capacity to pay market rent or become home owners. Any approach to reducing housing stress for women must incorporate increases in supply, and improvements in financial gender equality.

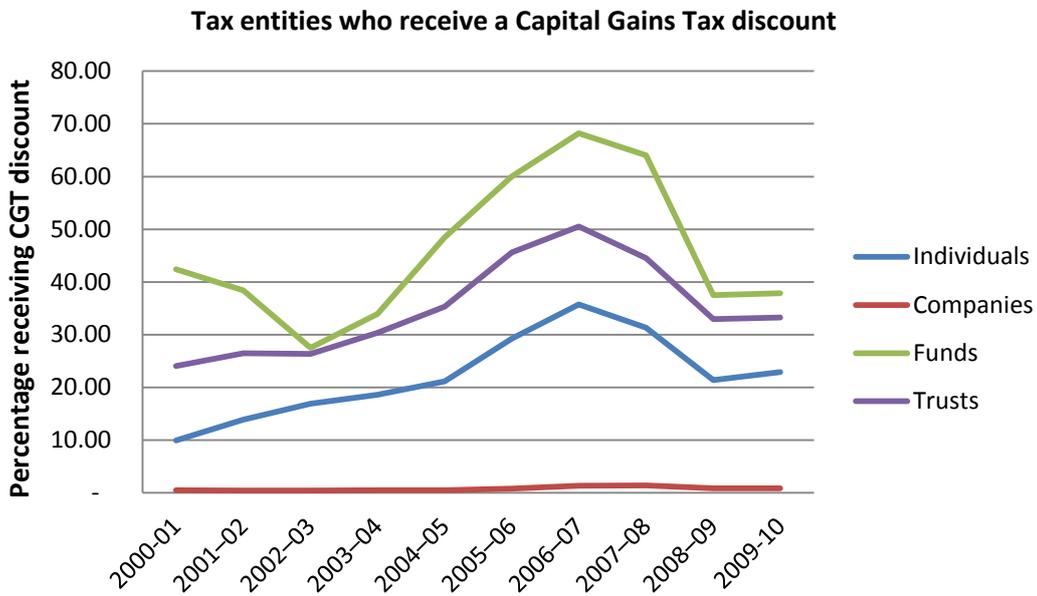
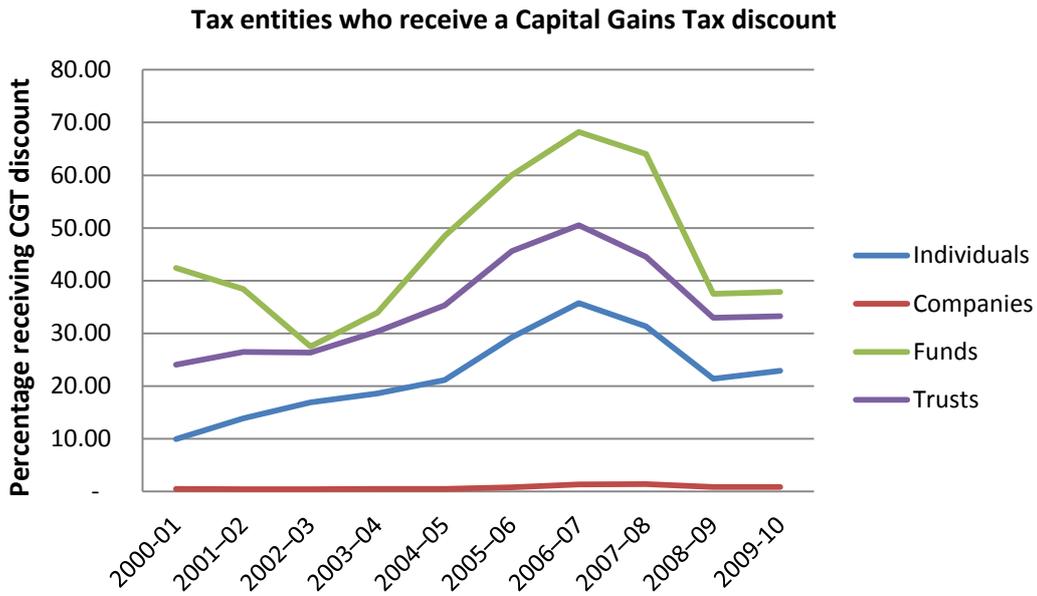
### **3.1. Increase Supply of Affordable Rental Housing**

The 2011 Census shows that 29.6% of Australian households are renting, an increase from 28.1% in 2006<sup>xi</sup>. The majority of households renting are in the bottom two income brackets. The 2010 National Housing Supply Council report shows that when affordability and availability are taken into account, there was a shortage of 493,000 dwellings in 2007-08. It is estimated that a further 90,000 social housing dwellings will be needed by 2012, and 150,000 by 2020<sup>xii</sup>. More information is needed for gendered analysis of the National Rental Affordability Scheme (NRAS), as well as funding for expansion of the total number of dwellings.

Meeting the need for affordable rental housing requires increased supply both in public housing, and the private rental housing market. An Affordable Housing Growth Fund would assist NAHA to grow affordable housing supply<sup>xiii</sup>. Funding for an Affordable Housing Growth Fund could be resourced through reducing the inequitable taxation of superannuation.

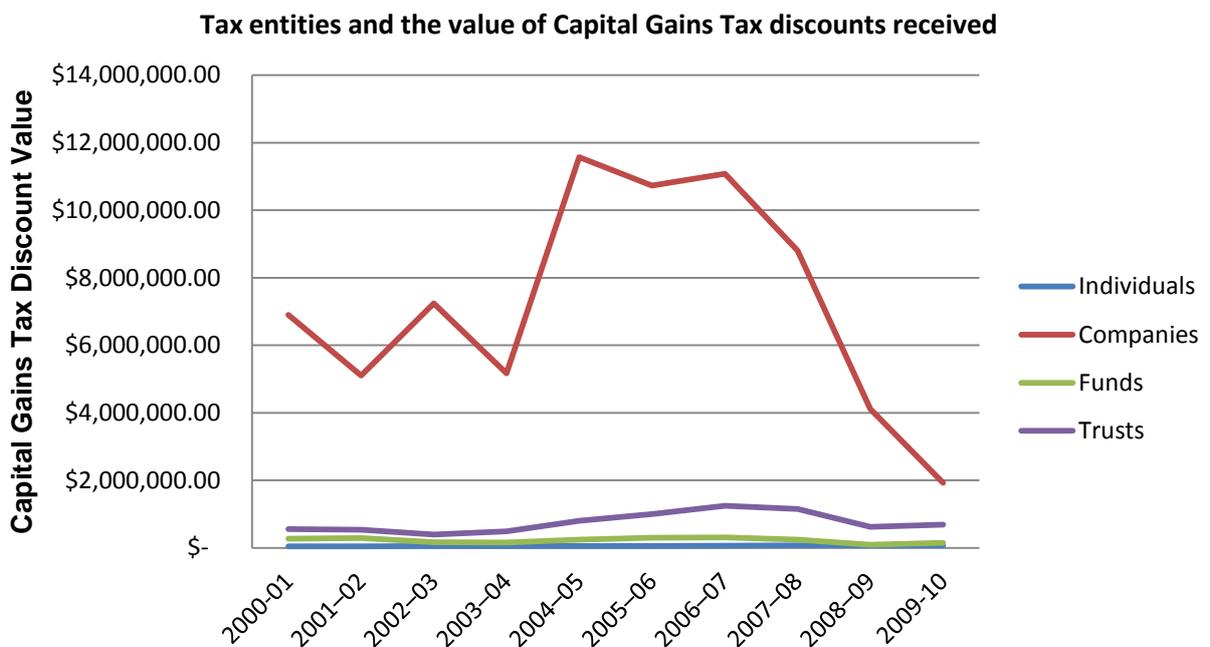
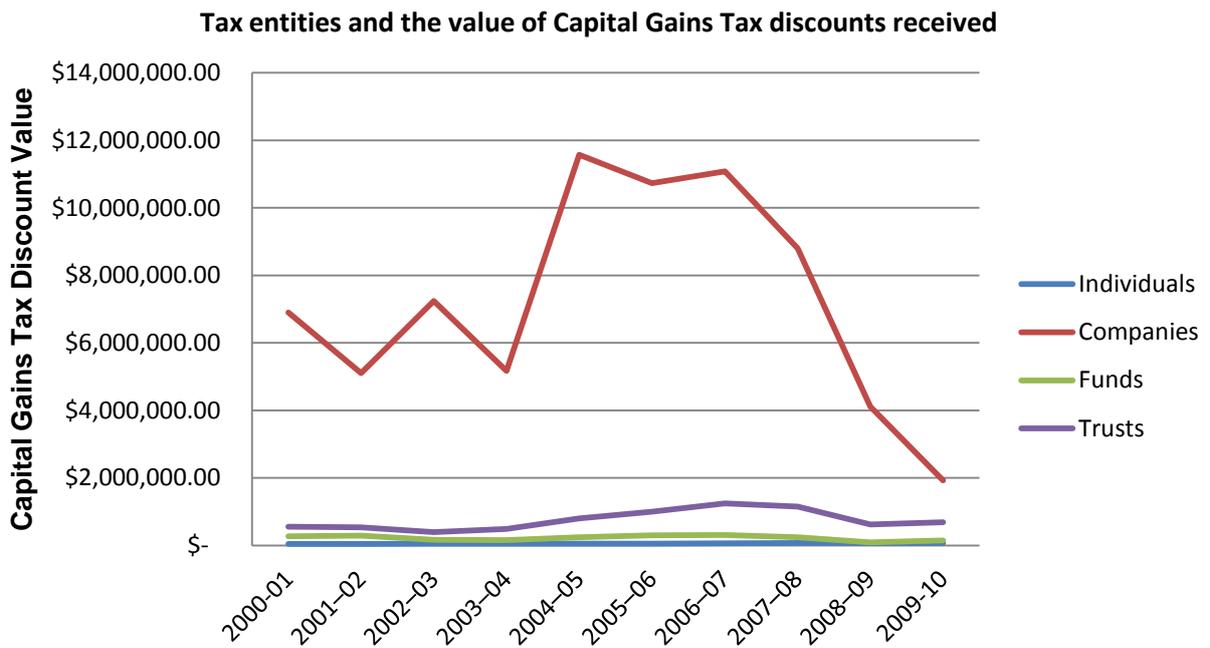
Expansion of NRAS could be funded through improving fairness in capital gains tax exemptions. Our recommendation is to raise revenue in the 2013-14 financial year, with expenditure beginning in 2014-15 to allow time for gendered analysis of the type and location of dwellings most needed. With this level of expansion, the need for affordable rental housing through NRAS could be met within five years, with the increased revenue becoming available for other programs such as health and education.

Capital gains tax exemptions encourage negatively geared property investment, which favours investment in existing high-rent housing rather than increasing supply of new affordable housing<sup>xiv</sup>. The average benefit from capital gains tax exemptions for the top 20% of incomes is almost seven times greater than for the bottom 20%<sup>xv</sup>. A greater percentage of superannuation funds and trusts, rather than individual taxpayers, are claiming capital gains tax exemptions<sup>xvi</sup>.



*Figure 3 Superannuation Funds and Trusts receive more Capital Gains Tax discounts than individuals*

Individual taxpayers also claim the lowest dollar value in capital gains tax exemptions, with companies claiming the highest dollar value in capital gains tax exemptions. A small number of companies are claiming the largest dollar value in capital gains tax exemptions, while individual taxpayers receive neither high dollar value discounts nor a large percentage of discounts compared to companies, trusts, and superannuation funds.



*Figure 4 Companies receive the highest dollar value in Capital Gains Tax discounts*

### 3.2. Reduce Financial Inequality for Women

Most women do not have adequate superannuation in retirement because the system is based on workplace earnings, impacted by caring responsibilities or other barriers to paid work. By 2019-20 women will hold \$600 billion, or one third of total projected superannuation assets of \$1,800 billion<sup>xvii</sup>. ERA applaud the government's efforts to improve women's long-term financial equality through tax and superannuation reforms, as well as commitment to equal pay for community sector workers. However, urgent action is needed to support more than 600,000 ageing women already vulnerable to homelessness.

Tax concessions mean high income earners receive a substantial public subsidy to their retirement income. The top 12% of income earners currently receive more than 50% of at least \$15b in tax concessions on superannuation contributions, and the top 20% of income earners receive more in tax concessions over their lifetimes than they would have received if paid the maximum rate of Age Pension<sup>xviii</sup>. A superannuation surcharge of 10% on those with income over \$99,000pa raised revenue of \$1,289m in 2005-06<sup>xix</sup>. Development of an Affordable Housing Growth Fund, funded by a superannuation surcharge on the top 12% of income earners, could provide an additional \$750m for public housing through NAHA. This would provide secure, affordable housing to those most in need, including Australians reliant on the Age Pension.

## **4. Recommendations**

### **4.1. A surcharge of 10% on the superannuation contributions of the top 12% of income earners.**

Revenue raised through this measure can be used to reduce the effects of poverty for Australians reliant on the Age Pension. The programs funded through this measure may change in future years, based on areas of need. In addition, this measure reduces the financial inequity of tax concessions on superannuation contributions, which currently provide more than 50% of benefits to the top 12% of income earners.

**Estimated revenue: \$750m in 2013-14.**

### **4.2. Develop an Affordable Housing Growth Fund**

Funding for NAHA has not been able to grow the supply of public and community housing stock to meet current demand. The Affordable Housing Growth Fund proposed by the Affordable Housing Summit Group extends the capacity of NAHA and NRAS, in addition to State and Territory shared equity home ownership schemes, by providing support to households on very low incomes.

Investment in an Affordable Housing Growth Fund from 2014-15 could be funded through the revenue raised from a superannuation surcharge implemented in 2013-14.

**Estimated investment: \$750m in 2014-15.**

### **4.3. Implement Recommendation 14 of the Henry Tax Review: reduce capital gains tax exemption.**

For every 10% reduction in the capital gains tax exemption, tax revenue would increase by \$1b. Reducing the capital gains tax exemption from 50% to 40%, except in the case of affordable and social housing through approved entities, would support affordable housing investment. Making the change effective from the beginning of 2013-14 financial year would allow time for investors planning to sell assets to manage

their tax obligations to best advantage, but the 10% reduction is unlikely to prompt large numbers of investors to realise capital gains before it takes effect.

**Estimated revenue: \$1b increased tax revenue in 2013-14.**

#### **4.4. Increase funds for the National Rental Affordability Scheme.**

Funding to NRAS should be increased to provide an additional 50,000 affordable rental properties. This funding could be provided at the rate of \$1b per year, beginning in 2014-15.

**Estimated investment: \$1b in 2014-15, continuing until need is met (expected by 2018-2019).**

## 5. Appendix One – ERA Members

- 2020Women
- Amnesty International Australia (National Women's Rights Team)
- Australian Baha'i Community – Office of Equality
- Australian Council for International Development Gender Equity Working Group
- Australian Federation of Medical Women
- Australian Womensport and Recreation
- Catholic Women's League of Australia
- COTA Australia
- FECCA Women's Committee
- Girl Guides Australia
- Human Rights Law Resource Centre
- International Women's Development Agency
- Jessie Street National Women's Library
- Migrant Women's Lobby Group of South Australia
- National Association of Services Against Sexual Violence
- National Council of Jewish Women of Australia
- National Council of Women of Australia
- National Union of Students (Women's Department)
- Project Respect
- Public Interest Law Clearing House (VIC) Inc
- Soroptimist International
- UN Women
- United Nations Association of Australia Status of Women Network
- VIEW Clubs of Australia
- Women on Boards
- Women's Economic Think Tank
- Women's Environment Network Australia
- Women's International League for Peace and Freedom
- Working Against Sexual Harassment
- Aboriginal Legal Rights Movement
- Australasian Council of Women and Policing
- Australian Centre for Leadership for Women
- Australian Federation of Graduate Women
- Australian Motherhood Initiative for Research and Community Involvement
- Australian Women's Health Network
- Children by Choice
- Enlighten Education
- Fitted for Work
- Homebirth Australia
- Immigrant Women's Speakout Association NSW
- JERA International
- Maternity Coalition Inc.
- Multicultural Women's Advocacy ACT
- National Council of Churches of Australia Gender Commission
- National Council of Single Mothers and Their Children
- National Foundation for Australian Women
- Older Women's Network NSW Inc (OWN)
- Public Health Association of Australia (Women's Special Interest Group)
- Sexual Health and Family Planning Australia
- Sisters Inside
- Union of Australian Women
- Victorian Immigrant and Refugee Women's Coalition
- Women in Engineering Australia
- Women with Disabilities Australia
- Women's Electoral Lobby
- Women's Information Referral Exchange (WIRE)
- Women's Legal Services Australia
- YWCA Australia

## 6. Appendix Two – References

- i Equality Rights Alliance, *A National Strategy for Affordable Rental Housing*, p 3, downloaded 13 January 2012: [http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/a\\_national\\_strategy\\_for\\_affordable\\_rental\\_housing.pdf](http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/a_national_strategy_for_affordable_rental_housing.pdf)
- ii Australian Bureau of Statistics, *Personal Safety Survey, Australia 2005*, cat. No. 4906.0, reissue, ABS Canberra, 2006.
- iii McFerran, Ludo, *It could be you: female, single, older and homeless*, August 2010.
- iv Australian Bureau of Statistics 2011, generated 1 November 2012.
- v Department of Families, Housing, Community Services and Indigenous Affairs, *Occasional Paper No. 31: Housing costs and living standards among the elderly*, p20, Commonwealth of Australia 2010.
- vi. Australian Institute of Health and Welfare, *Australia's Welfare 2011: in brief*, cat. No. AUS145, AIHW Canberra, p168.
- vii Australian Institute of Health and Welfare, *Australia's welfare 2011: in brief*, cat. No. AUS145, AIHW Canberra, p17.
- viii Australian Institute of Health and Welfare, *Australia's welfare 2011: in brief*, cat. No. AUS145, AIHW Canberra, p 37.
- ix Australian Bureau of Statistics 2011, generated 1 November 2012.
- x McFerran, Ludo, *It could be you: female, single, older and homeless*, August 2010, p 4.
- xi Australian Bureau of Statistics 2011, 'Australia', viewed 7 November 2012, [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/0?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/0?opendocument&navpos=220)
- xii Equality Rights Alliance, *A National Strategy for Affordable Rental Housing*, p 6, downloaded 13 January 2012: [http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/a\\_national\\_strategy\\_for\\_affordable\\_rental\\_housing.pdf](http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/a_national_strategy_for_affordable_rental_housing.pdf)
- xiii Australian Council of Social Services, *2012-13 Budget Priority Statement*, pp 18-20, downloaded 27 January 2012: [http://acoss.org.au/images/uploads/2012-13\\_ACOSS\\_Budget\\_Priority\\_Statement\\_Final.pdf](http://acoss.org.au/images/uploads/2012-13_ACOSS_Budget_Priority_Statement_Final.pdf)
- xiv The Australia Institute, *Negative gearing for housing investments*, 2011, downloaded 13 January 2012: [http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/negative\\_gearing\\_for\\_housing\\_investments\\_-\\_tai.doc](http://www.equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/negative_gearing_for_housing_investments_-_tai.doc)
- xv Judith Yates, *Tax expenditures and housing*, p2, Brotherhood of St Laurence and Australian Housing and Urban Research Institute, downloaded 14 November 2012: [http://www.ahuri.edu.au/publications/download/judith\\_yates\\_research\\_paper](http://www.ahuri.edu.au/publications/download/judith_yates_research_paper)
- xvi Australian Taxation Office, *Taxation Statistics 2009-2010: Table 6 – Capital gains and small business concessions by calculation method, together with capital losses applied by entity type for the 2000-01 to 2009-10 income years*, downloaded 1 November 2012: <http://www.ato.gov.au/corporate/content.aspx?menuid=49810&doc=/content/00305922.htm&page=41&H41>
- xvii Department of Families, Housing, Community Services and Indigenous Affairs, *Women's Experiences of Paid Work and Planning for Retirement*, downloaded 17 January 2012: [http://www.fahcsia.gov.au/sa/women/pubs/economic/default/Pages/parta\\_ww\\_retirement.aspx](http://www.fahcsia.gov.au/sa/women/pubs/economic/default/Pages/parta_ww_retirement.aspx)
- xviii Australian Council of Social Services, Submission to the Senate Economics Committee: Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011 and reform of the tax treatment of superannuation contributions, p9, downloaded 13 January 2012: <https://senate.aph.gov.au/submissions/comitees/viewdocument.aspx?id=99483789-deea-4001-9c11-5463c7b9a429>
- xix Treasury, *Final Budget Outcome 2005-06, Part 1: Australian Government Budget Outcome – Revenue*, downloaded 13 January 2012: [http://www.budget.gov.au/2005-06/fbo/html/02\\_part\\_1-02.htm](http://www.budget.gov.au/2005-06/fbo/html/02_part_1-02.htm)