

# If 2% of GDP was spent on Housing

In 2006, NATO allies set a target to spend 2% of Gross Domestic Product (GDP) on defence. In 2016, the Defence White Paper announced that defence funding will reach two per cent of Australia's gross domestic product by FY 2020-21. In the 2014-2015 financial year, 2% of Gross Domestic Product (GDP) amounted to some \$1.620 trillion – 2% of which would come to \$32.4 billion.

## *How much do governments currently spend?*

**In 2012-2013, the Commonwealth spent \$5.439 billion dollars:**

- \$3.628 billion went into Commonwealth Rent Assistance (CRA)
- \$87 million went into the National Rental Affordability Scheme (NRAS)
- \$1.014 billion went into the National Affordable Housing Agreement (NAHA) – which is a specific purpose payment to the states and territories.
- \$250 million also went into the NAHA for homelessness
- \$157 million went into the Homeless National Partnership Agreement; and
- \$303 million for Remote Indigenous Housing

**In 2012-2013, the States and Territories spent \$4.092 billion dollars:**

- \$3.878 billion on social housing
- \$185 million on homelessness services; and
- \$29 million on NRAS

At a grand total of \$9.531 billion, current housing support and assistance amounts to just 0.58% of GDP.

## #FairHousingAus Fact Sheet

## *What does this currently buy?*

As seen above, the bulk of Commonwealth spending goes into CRA. This is an income support measure that is not linked to housing affordability or to a rental benchmark of any kind. Indeed, there is even a suggestion that CRA has been a contributing factor in rising rents. According to the Reform of Federation White paper, “rental costs have been increasing faster than the Consumer Price Index against which CRA is indexed. This means payments are losing real value for individuals over time.”<sup>1</sup>

The White Paper also states that whilst the outcome for public housing tenants is that only 0.5% spent more than 30% of their income on rent, 40.1% of CRA recipients spent more than 30% of their income on rent.<sup>2</sup> This means that more than one third of government money spent does not produce a single additional house for people to live and nor does it guarantee rental affordability.

In terms of the \$5,194 million spent on social housing (this does not include NRAS funding or homelessness services), this currently supports about 393,866 households.<sup>3</sup> However, in 2006, social housing comprised about 403,886 – a net increase of 17,181 dwellings – all of which has occurred in the community housing sector as State Housing Authorities have transferred management and/or title over to community housing agencies.



*Affordable housing is everyone's right.*

**#FairHousingAus | To find out why, visit [www.stkch.org.au](http://www.stkch.org.au)**

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Authorised by J Enticott 102 St Kilda Road, St Kilda

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## *What could 2% of GDP buy?*

The current waiting list for social housing comprises over 200,000 applicants. If we could spend 2% of GDP on housing assistance this would enable:

- 24,242 houses @ \$300,000 per unit  
= \$7,200m
- 29,473 apartments @ \$250,000 per unit  
= \$7,250m
- 35,000 social housing units @ \$200,00 per unit  
= \$7,000m

This would reduce waiting lists by almost 50% in the first three years with money also to reduce the backlog of maintenance faced by State Housing Authorities.

<sup>1</sup> See Reform of Federation White Paper, Issues Paper No. 2. Housing and Homelessness, December 2014 p. 16.

<sup>2</sup> Ibid. p. 17.

<sup>3</sup> Productivity Commission, Report on Government Services 2016. Table 17A3.



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