

Affordable Housing 2010–11: Comparing performance across Australia

National Affordable Housing Agreement

Report to the Council of Australian Governments

30 April 2012



Affordable Housing 2010–11: Comparing performance across Australia

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About the COAG Reform Council

The COAG Reform Council was set up by the Council of Australian Governments (COAG) as part of the arrangements for federal financial relations. The council is independent of individual governments and reports directly to COAG.

The COAG Reform Council's mission is to assist COAG to drive its reform agenda by strengthening the public accountability of governments through independent and evidence-based assessment and performance reporting.

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Commonwealth, State and Territory governments

Secretariat for the Steering Committee for the Review of Government Service Provision

Australian Bureau of Statistics

Australian Housing and Urban Research Institute (AHURI)

Australian Institute of Health and Welfare

30 April 2012

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Dear Prime Minister

On behalf of the COAG Reform Council, I am pleased to present our report *Affordable Housing 2010–11: Comparing performance across Australia*.

This report has been prepared in accordance with the Intergovernmental Agreement on Federal Financial Relations, which requires the council to publish performance data and a comparative analysis of the performance of governments.

This is the council's third report on the National Affordable Housing Agreement. This year, we focus on the outcomes in the Agreement that relate to home purchase affordability, rental affordability, and housing market efficiency and responsiveness.

We find that nationally, based on the indicators and years we can report on, there has been no indication housing affordability has improved. Rental affordability in particular—as measured by the proportion of low income households spending more than 30 per cent of their income on rent—has worsened in capital cities and for those on the lowest incomes.

Consistent with the council's performance reporting and public accountability role, the council will publicly release this report in June 2012. The council hopes that the findings and recommendations in this report assist COAG with its reform agenda.

Yours sincerely



Paul McClintock AO
Chairman

Table of contents

Affordable Housing 2010–11: Key findings	ix
Overview	xi
National Affordable Housing Agreement: Performance report for 2010–11	xi
Recommendations	xv
Chapter 1. About this report	1
1.1 National Affordable Housing Agreement	1
1.2 How we report on performance	1
1.3 Reporting on performance in 2010–11	3
1.4 Review of performance reporting framework	6
1.5 Outline of report	6
Chapter 2. Affordability in the rental market	7
At a glance	7
2.1 About this chapter	7
2.2 Rental stress for low income households	8
2.3 Rental stress for low income households by location	11
Chapter 3. Home purchase affordability	15
At a glance	15
3.1 About this chapter	15
3.2 Home purchase affordability	17
3.3 Interpreting these results	21
Chapter 4. Affordability for homeowners	23
At a glance	23
4.1 About this chapter	23
4.2 Mortgage stress for low income households	24
4.3 Home ownership rates	27
Chapter 5. Housing market efficiency and responsiveness	31
At a glance	31
5.1 About this chapter	31
5.2 Why is it important for supply to meet underlying demand for housing?	32
5.3 The balance between supply of housing and underlying demand	34

Chapter 6.	Reporting on National Partnerships	37
At a glance		37
6.1	National Partnerships that support National Agreements	37
6.2	Reporting performance in 2010–11	38
Appendix A.	Reporting outputs	41
A.1	Introduction	41
A.2	Outputs relating to homelessness	43
A.3	Outputs relating to rental affordability	52
A.4	Outputs relating to home purchase affordability	60
Appendix B.	Contextual factors	63
Appendix C.	Treatment of data issues	65
C.1	Data collections	65
C.2	Statistical error	67
C.3	Significance testing	68
C.4	Geographic location	69
C.5	Home purchase affordability chapter	70
Appendix D.	Roles and responsibilities	85
Appendix E.	Acronyms and abbreviations	87
Appendix F.	References	89

Affordable Housing 2010–11: Key findings

Nationally, there is no indication housing affordability has improved

- None of the indicators we report on, for the years for which we have comparable data, suggest housing affordability at the national level has improved from the previous period.

Rental affordability has worsened—especially for those with the lowest incomes

- Nationally, rental affordability worsened significantly for the lowest 10% of households by income—their rate of rental stress jumped from 49.2% in 2007–08 to 60.8% in 2009–10.
- 41.7% of low income households across Australia (the lowest 40% by income) were in rental stress in 2009–10. In 2007–08 this figure was 37.2%.
 - NSW had a higher proportion of low income households living in rental stress than the national average; Western Australia, South Australia, Tasmania and the ACT had lower proportions.
- The proportion was higher in capital cities: 45.2% of low income households (the lowest 40% by income) living in capital cities were in rental stress in 2009–10, an increase from 38.1% in 2007–08.

Homes are less affordable for buyers

- Home purchase affordability for low and moderate income households declined in all jurisdictions between 2009–10 and 2010–11.
 - Interest rate increases from 2009–10 to 2010–11 played a substantial role in this.
- Queensland had the lowest proportion of homes affordable to buy for both low and moderate income households.
- Canberra had the highest proportion of homes affordable to low income households; for moderate incomes households, it was Darwin.

We do not report on homelessness, and Indigenous housing opportunities and amenity

Due to the timing of key surveys, we do not have sufficient data to substantively assess performance against half of the National Affordable Housing Agreement's outcomes: these relate to homelessness, and Indigenous housing opportunities and amenity.

Overview

National Affordable Housing Agreement: Performance report for 2010–11

This is the council's third report under the National Affordable Housing Agreement.

Under the Agreement, COAG committed to the objective that 'Australians have access to affordable, safe and sustainable housing'.

In this report, we look at governments' progress toward this objective. We do this by assessing their performance against outcomes two, three and four in the Agreement (see Box 1).

Box 1 National Affordable Housing Agreement outcomes

1. People who are homeless or at risk of homelessness achieve sustainable housing and social inclusion
2. People are able to rent housing that meets their needs
3. People can purchase affordable housing
4. People have access to housing through an efficient and responsive market
5. Indigenous people have the same housing opportunities as other Australians
6. Indigenous people have improved housing amenity and reduced overcrowding, particularly in remote areas

We do not have sufficient data to substantively assess performance against outcomes one, five and six in the Agreement. This is due to the frequency of the key surveys we depend on for data.

Due to the availability of data, and some difficulties in comparing data between periods, we use data from different years for different indicators.

No indication of progress toward the outcomes

We have used five indicators to assess progress against three outcomes. While the results for States and Territories vary, for the indicators we measure and the years for which we have comparable data, at the national level there is no indication housing affordability is improving.

Two indicators suggest a decline in affordability

- **Rental affordability:** nationally, the proportion of the lowest 10% of households (by income) in rental stress increased significantly, from 49% to 61%. In capital cities, the rate of rental stress for the lowest 40% of households by income significantly increased from 38.1% in 2007–08 to 45.2% in 2009–10 (almost two thirds of low income households live in capital cities).
- **Home purchase affordability:** low and moderate income households in all jurisdictions could afford a smaller proportion of the homes sold in 2010–11 compared with 2009–10 (we note changes in interest rates played a substantial role in this decline).

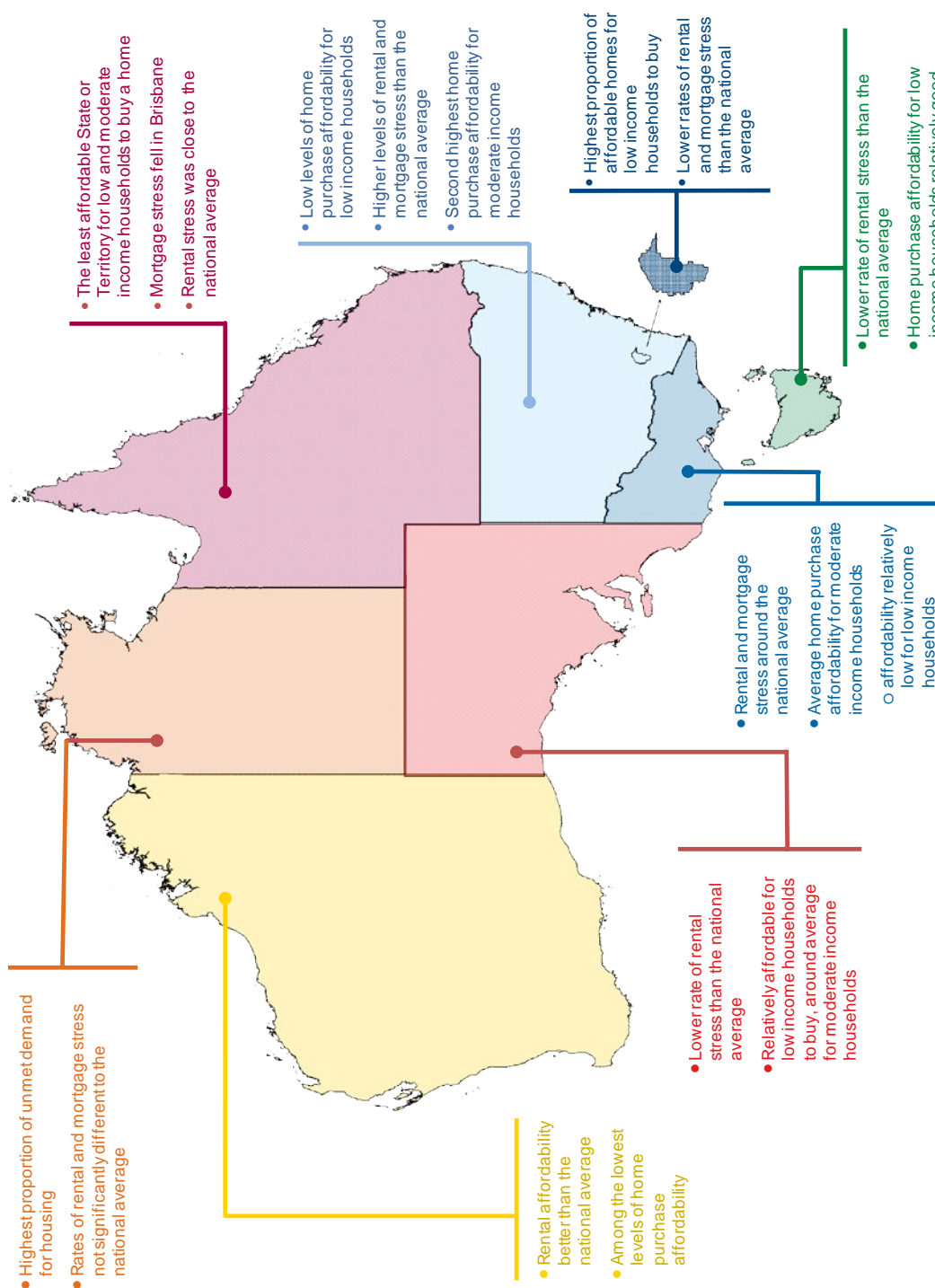
One indicator suggests the housing market is undersupplied

- **The ‘dwelling gap’:** from 2001 to 2010, estimated underlying demand for housing outpaced the supply of new homes by 13.5%, resulting in a dwelling gap of 186 800 dwellings.

Results for two indicators did not change

- **Mortgage stress:** there was no meaningful change in the proportion of low income households in mortgage stress between 2007–08 and 2009–10.
- **Proportion of homeowners:** the proportion of Australians who own or are purchasing their own homes was 68.8% in 2009–10, largely unchanged from 2007–08.

Figure 1 Key findings for each State and Territory



Recommendations

Box R.1 Recommendation 1

The COAG Reform Council recommends COAG **note** that—based on the indicators and years we can report on—at the national level there has been no indication of progress toward the housing affordability outcomes in the National Affordable Housing Agreement.

Box R.2 Recommendation 2

We also recommend COAG **note** that the indicators suggest that, at the national level, rental and home purchase affordability have actually declined:

- rental affordability worsened between 2007–08 and 2009–10 for low income households living in capital cities, and for households on the lowest incomes
- home purchase affordability declined in all jurisdictions for low and moderate income households between 2009–10 and 2010–11 (changes in standard variable interest rates over this period are likely to have played a substantial role in the decline in affordability).

Box R.3 Recommendation 3

We further recommend COAG:

- **note** that, for some existing National Partnerships, we cannot link activities or government performance to the objectives of the related National Agreement
- **agree** that activities under future National Partnerships covered by National Agreements should clearly link to the objectives of its related National Agreement.

Chapter 1. About this report

1.1 National Affordable Housing Agreement

In November 2008, COAG—the Commonwealth, State and Territory governments—committed to the objective of ensuring all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation.

Governments formalised this commitment in the National Affordable Housing Agreement on 1 January 2009. To coordinate and drive their work toward this objective, governments also committed to achieving six outcomes:

1. people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion
2. people are able to rent housing that meets their needs
3. people can purchase affordable housing
4. people have access to housing through an efficient and responsive housing market
5. Indigenous people have the same housing opportunities (in relation to homelessness services, housing rental, housing purchase and access to housing through an efficient and responsive housing market) as other Australians
6. Indigenous people have improved housing amenity and reduced overcrowding, particularly in remote areas.

In the agreement, governments identified performance indicators by which the community could assess their performance toward the outcomes. Figure 1.1 (next page) shows the relationships between the objective, the outcomes and the performance indicators.

1.2 How we report on performance

Each year, the COAG Reform Council (the council) assesses and publicly reports on the performance of governments against the outcomes of the National Affordable Housing Agreement. We report to COAG directly and are independent of individual governments.

The 2010–11 report is our third annual report on the National Affordable Housing Agreement. All three reports are available on our website at www.coagreformcouncil.gov.au.

Treatment of data

We recognise that some of the data we report may look out of date. We use the best data that are available and approved for use in our reports by governments.

There are a number of issues associated with using these data for comparing the performance of jurisdictions. Appendix C (page 65) explains these issues in more detail, and we provide notes against each indicator as required throughout the report.

Figure 1.1 Structure of the National Affordable Housing Agreement: objectives, outcomes, indicators and outputs

Objective:					Outcomes	Performance indicators	Outputs	Key
Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation					Indigenous people have improved housing amenity and reduced overcrowding, particularly in remote areas and discrete communities	Proportion of Indigenous households living in overcrowded conditions	Proportion of Indigenous households living in houses of an acceptable standard	We cannot report on the outcome or indicator substantively
					Indigenous people have the same housing opportunities (in relation to homelessness services, housing rental, housing purchase and access to housing through an efficient and responsive housing market) as other Australians	Proportion of Indigenous households owning or purchasing a home		
					People have access to housing through an efficient and responsive housing market	Supply meeting underlying demand for housing (to be developed)	Housing market efficiency (to be developed)	
Number of people who are homeless or at risk of homelessness who are assisted to secure and sustain their tenancies					People can purchase affordable housing	Proportion of homes sold or built that are affordable by low and moderate income households	Proportion of Australian households owning or purchasing a home	We report on the outcome or indicator this year
					People are able to rent housing that meets their needs	Proportion of low-income households in rental stress		
					People who are homeless or at risk of homelessness achieve sustainable housing and social inclusion	Proportion of Australians who are homeless	Proportion of people experiencing repeat periods of homelessness	
Number of people who are assisted to move from crisis accommodation or primary homelessness to sustainable accommodation								We report on the outcome or indicator this year
Number of households assisted in social housing								We report on the outcome or indicator this year
Number of people receiving home purchase assistance								We report on the outcome or indicator this year
Number of zoned lots available for residential construction								We report on the outcome or indicator this year
Number of Indigenous households provided with safe and appropriate housing								We report on the outcome or indicator this year

Some issues with the data quality are described below.

- All data derived from surveys have a certain amount of error, so sample survey data presented in this report consider relative standard errors and confidence intervals.
- Where possible, analysis of change over time or between jurisdictions has been statistically tested for significance. We only use the word ‘significant’ in its statistical context.
- Some adjustments or caveats are provided when reporting change over time or between jurisdictions with small populations.

We also note the key survey we rely on in this report, the ABS’s 2009–10 Survey of Income and Housing, excludes households in collection districts defined as very remote. This mainly affects the Northern Territory, where around 23% of population lives in very remote districts. The next largest proportion is Western Australia, where only 2.2% of the population is very remote.

What is a ‘significant difference’ or a ‘significant change’?

In this report, the word ‘significant’ has a specific statistical meaning. This meaning applies to data collected using surveys. Survey data contain a certain degree of error, because a survey will only include a sample of a population rather than the total population. Surveying just a sample of a population introduces the risk that results might not accurately reflect the population as a whole, but simply reflect who is included in the sample.

In statistics, ‘significant’ differences are those which are ‘real’ and unlikely to have occurred by chance. It does not necessarily mean ‘significant’ in the everyday sense of the word. In some cases, apparently small differences between numbers can be statistically ‘significant’. In other cases, we might not be able to describe two numbers that look very different as being ‘significantly different’.

The way that ‘statistical significance’ is determined is explained further in Appendix C. Testing for statistical significance is done by the Australian Bureau of Statistics.

1.3 Reporting on performance in 2010–11

What we report this year

This report focuses on performance indicators where we have new data, and those data suggest a possible change in performance or establish baselines for future comparison. Where there is little or no change in the data for a performance indicator, we publish the data in the statistical supplement for this report—we do not discuss the data in detail in the chapters.

This year we report on the National Affordable Housing Agreement’s outcomes about renting, home purchase affordability, and an efficient and responsive housing market. Unlike the other outcomes, we have relatively sound new data available for these.

What we do not report this year

In reporting on governments' performance against the outcomes in the Agreement, we rely heavily on survey data. However, none of the key surveys are annual. This means that for three outcomes, no (or little) new information is available to the council for this report.

We have not assessed progress toward the homelessness outcome. This year, we only have data available for a proxy measure: 'proportion of SAAP [Supported Accommodation Assistance Program] clients who had an identified need for accommodation more than once in 12 months'. However, our 2009–10 report (pages 15–16) identified limitations with this measure—most notably, it is unclear whether an increase or a decrease in a jurisdiction's results constitutes progress toward the outcome. As a result we have not included the data in this report; instead, the data are in the statistical supplement.

Next year we expect Census data, which will allow us to report substantially about the proportion of Australians who are homeless. We also note the SAAP data will be replaced by data from the new 'Specialist Homelessness Services' collection, although we do not know whether this collection will allow us to report substantively against the proportion of people experiencing repeat periods of homelessness.

The two Indigenous-specific outcomes have some new data available but there are no new results from the key surveys. While interesting, the data available this year are not comprehensive enough to allow us to assess progress against these outcomes substantively. Instead, we have reported these data in the statistical supplement. Next year, when data from the National Aboriginal and Torres Strait Islander Health Survey are due, we expect to report on the Indigenous outcomes in detail.

Appendix C (page 65) contains more detail on when data is available for each indicator.

The statistical supplement contains all the data we use in the report, as well as the data that were available but we did not include in the report.

Box 1.1 Have we used the most recent data?

This report is for the 2010–11 year, though much of the data are older than this.

The data we report are collated and provided to us by the Steering Committee for the Review of Government Service Provision. The data reported are always the most recent that were available to the Steering Committee in time to provide to us for this report.

In some cases, the data may look out of date. This is partly explained by the time that can be needed to check and clean large data sets. The council has previously highlighted the importance of data being as recent as possible.

In some instances, more recent data may be published elsewhere which were not available in time for inclusion in this report. The websites of relevant data agencies, such as the Australian Bureau of Statistics (ABS) can be checked for more up to date data.

In this report we also use different years for different indicators. The reason for this is the availability and comparability of the data:

- the surveys we use to assess the rental and mortgage stress, and home ownership indicators are run every two years (the most recent was in 2009–10)
- while data were available for the home purchase affordability indicator each year from 2007–08 to 2010–11, due to statistical methods we cannot compare the data for 2007–08 and 2008–09 to the data for 2009–10 and 2010–11 (we explain the reasons in Chapter 3 and Appendix C)
- data for the interim indicator on housing market responsiveness was available for each calendar year between 2001 and 2010.

Reporting changes in performance over time

In our 2009–10 report, we indicated our approach would shift to focus on reporting how jurisdictions were advancing toward outcomes over time. While this remains our preference, this year we focus on change over time when the change is statistically significant.

Due to the relatively high sampling error in earlier surveys, there are only a few instances this year where we can highlight change over time that is statistically significant. We note the sampling error in the most recent survey data has decreased, which will improve our ability to comment on change over time in future years.

The ABS has not developed a method for calculating relative standard errors for the home purchase affordability indicator in Chapter 3. We recommend readers bear this in mind when interpreting the results for that indicator.

1.4 Review of performance reporting framework

In February 2011, COAG agreed to review the six National Agreements under the Intergovernmental Agreement on Federal Financial Relations, including the National Affordable Housing Agreement (COAG 2011a).

This review began in August 2011 and is due to be completed by 30 June 2012.

As the review was still underway at the time of writing, we have chosen not to recommend any further improvements to the Agreement's current performance reporting framework.

1.5 Outline of report

Chapter 2 assesses affordability for rental households.

Chapter 3 assesses home purchase affordability.

Chapter 4 assesses affordability for homeowners.

Chapter 5 considers housing market efficiency and responsiveness.

Chapter 6 discusses the council's role reporting on the contribution of National Partnerships to the National Agreement outcomes.

There are also six appendices.

- Appendix A summarises contextual factors among the States and Territories relevant to understanding performance information.
- Appendix B summarises roles and responsibilities of governments under the Agreement.
- Appendix C discusses our treatment of data issues.
- Appendix D lists the acronyms and abbreviations used in the report.
- Appendix E lists the references used.
- Appendix F lists the tables, figures and boxes used in the report.

The statistical supplement includes the performance data provided by the Steering Committee for the Review of Government Service Provision, including data quality statements, and any additional data we have used.

Chapter 2. Affordability in the rental market

At a glance

Rental affordability worsened between 2007–08 and 2009–10

- Nationally, rental affordability worsened for the lowest 10% of households by income—their rate of rental stress jumped from 49.2% in 2007–08 to 60.8% in 2009–10.
- 41.7% of low income households across Australia (the lowest 40% by income) were in rental stress in 2009–10. In 2007–08 this figure was 37.2%.
 - NSW had a higher proportion of low income households in rental stress than the national average; Western Australia, South Australia, Tasmania and the ACT had lower proportions.
- The proportion was higher in capital cities: 45.2% of low income households (the lowest 40% by income) were in rental stress in 2009–10, an increase from 38.1% in 2007–08.

2.1 About this chapter

In the National Affordable Housing Agreement, COAG committed to the outcome ‘people are able to rent housing that meets their needs’. Achieving this outcome would mean households in (or seeking) rental accommodation are able to remain in (or secure) housing that is suitable to their needs and priced so they can meet other living expenses.

Some households choose, and can afford, to pay high proportions of income toward their rent. COAG’s focus is on low income households, for which spending substantial proportions of their income on housing is more likely to be a problem as they are less likely to be able to meet other household expenses.

How do we report on affordability in the rental market?

To track progress against the outcome, COAG nominated the indicator ‘the proportion of low income rental households in rental stress’. We include renters in the private and public markets.

The indicator does not measure whether people who seek rental accommodation can secure it, or if rental housing meets tenants’ needs. However, the ABS (2010) has identified that rental stress indicates households ‘may be less able to rent housing that meets their basic needs’.

In this report, we limit the analysis to low income rental households: those at or below the 40th percentile of disposable household income, adjusted for household composition (or ‘equivalised’). Incomes are calculated individually for each region—State and Territory, as well as capital cities and the balance of the States or Territories. A low income household is considered to be in rental stress if its rental costs exceed 30% of its gross income.

This indicator reduces rental expenses by the amount of Commonwealth Rent Assistance the household receives—if any. Family tax benefits are included in gross income estimates.

The source of data for these indicators is the ABS's two-yearly Survey of Income and Housing. All new data are available in the statistical supplement.

2.2 Rental stress for low income households

Around 42% of low income households are in rental stress

In our 2008–09 baseline report, we reported that in 2007–08, 37.2% of low income households (the lowest 40% by income) renting in Australia were in rental stress.

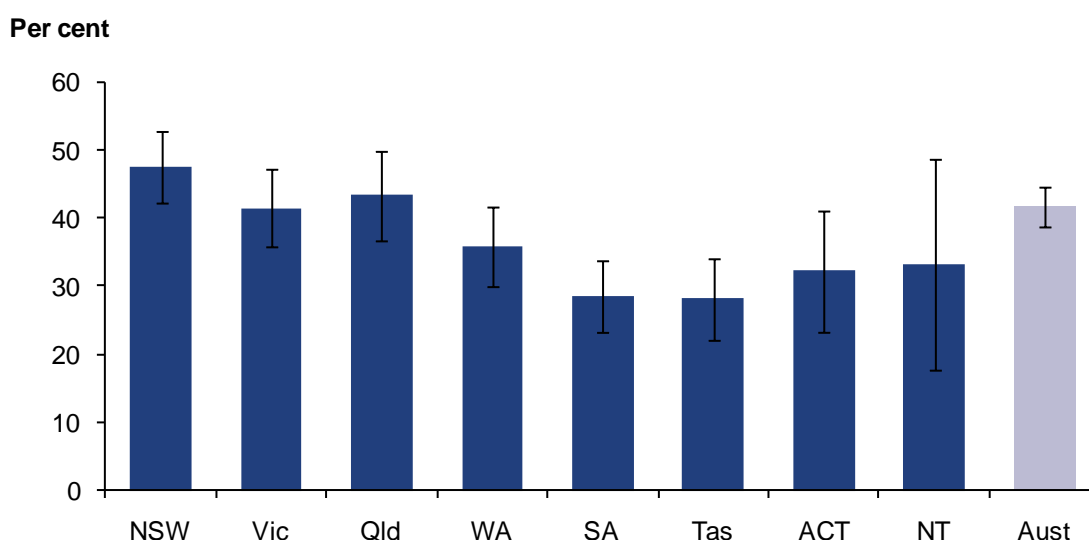
Nationally, 41.7% of low income rental households were in rental stress in 2009–10. This was 4.5 percentage points higher than 2007–08 (while this change was not significant at the benchmark 95% level of confidence, it was significant at the 94.88% level of confidence).

Rates of rental stress for individual States and Territories in 2009–10 did not change significantly from their 2007–08 levels.

Comparing each State and Territory to the national average, in 2009–10:

- at 47.6%, the rate of rental stress in NSW was significantly above the national average
- the rates in Western Australia (35.8%), South Australia (28.6%), Tasmania (28.1%) and the ACT (32.2%) were significantly below the national average (see Figure 2.1).

Figure 2.1 Proportion of low income rental households in rental stress, by State and Territory, 2009–10



Notes:

1. See statistical supplement, Table NAHA.1.1, for data, relative standard errors and technical notes.

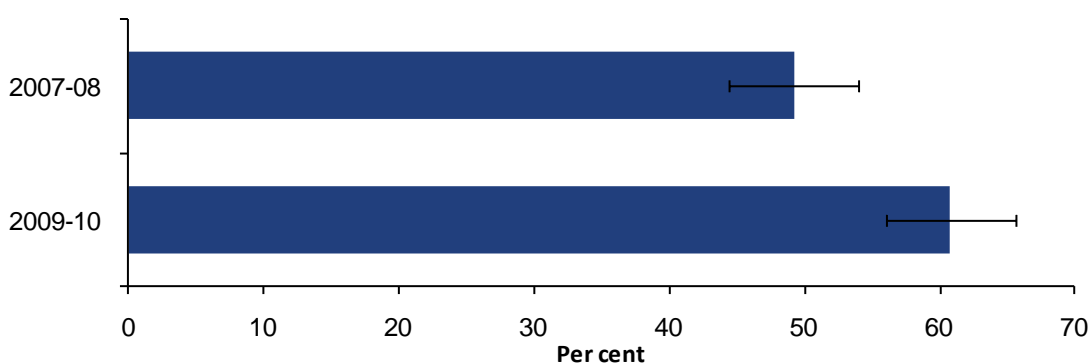
Source: ABS (unpublished) Survey of Income and Housing 2009–10

Rental stress has worsened for the lowest income households

At the national level, 60.8% of rental households in the lowest income decile (the lowest 10% by income) were in rental stress in 2009–10—a significant increase from 49.2% in 2007–08 (see Figure 2.2).

We would expect the effects of spending more than 30% of gross household income on rental costs are likely to be greater for those households with the lowest incomes.

Figure 2.2 Proportion of rental households in the lowest income decile in rental stress, Australia, 2007–08 and 2009–10



Notes:

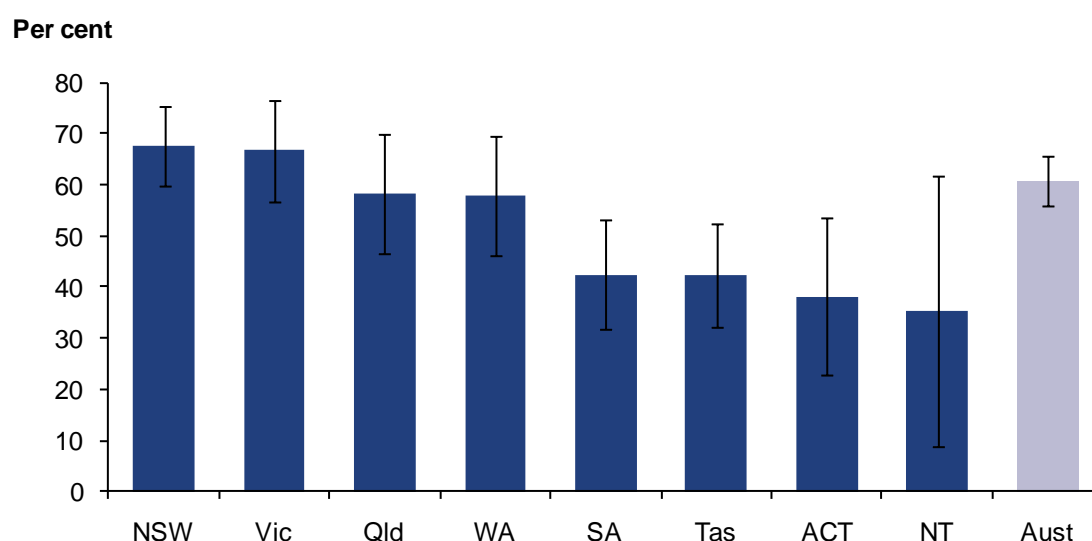
1. See statistical supplement, Table NAHA.1.11, for data, relative standard errors and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Survey of Income and Housing 2007–08 and 2009–10

In 2009–10, NSW had a significantly higher proportion of rental households in the lowest income decile that were in rental stress (67.5%) than the national average (60.8%), while South Australia (42.5%), Tasmania (42.4%) and the ACT (38.2%) had significantly lower proportions (see Figure 2.3).

There was no significant change in any State or Territory between 2007–08 and 2009–10.

Figure 2.3 Proportion of rental households in the lowest income decile in rental stress, by State and Territory, 2009–10



Notes:

1. See statistical supplement, Table NAHA.1.11, for data, relative standard errors and technical notes.
2. Estimate for the NT has a relative standard error of between 25% and 50%, and should be used with caution.

Source: ABS (unpublished) Survey of Income and Housing 2009–10

Box 2.1 Rental stress among households in social housing

In 2009–10, we reported data on a supplementary indicator: ‘the proportion of low income households living in social housing in rental stress’.

The rates of rental stress were very low among tenants of State or Territory housing authorities (that is, those in public housing or state-owned and managed Indigenous housing). This is because these tenants have access to rebated rents and generally pay no more than 25% of their assessable incomes in rent, below the 30% cut off defined as rental stress (COAG Reform Council 2011).

In addition, there are a range of issues affecting the accuracy, completeness and comparability of data across jurisdictions for public housing, mainstream community housing, and state-owned and managed Indigenous housing (see data quality statement in the statistical supplement, pp. 391–395).

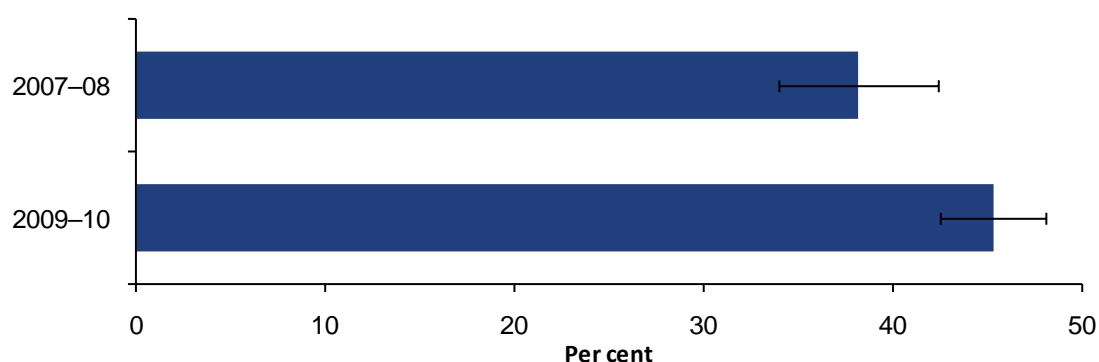
As a consequence of these considerations, we have decided not to report on this supplementary indicator this year.

2.3 Rental stress for low income households by location

More low income households in capital cities are in rental stress

Between 2007–08 and 2009–10, the total proportion of low income rental households in rental stress in capital cities increased significantly, from 38.1% to 45.2% (see Figure 2.4).

Figure 2.4 Proportion of low income rental households in rental stress, aggregate of capital cities, 2007–08 and 2009–10



Notes:

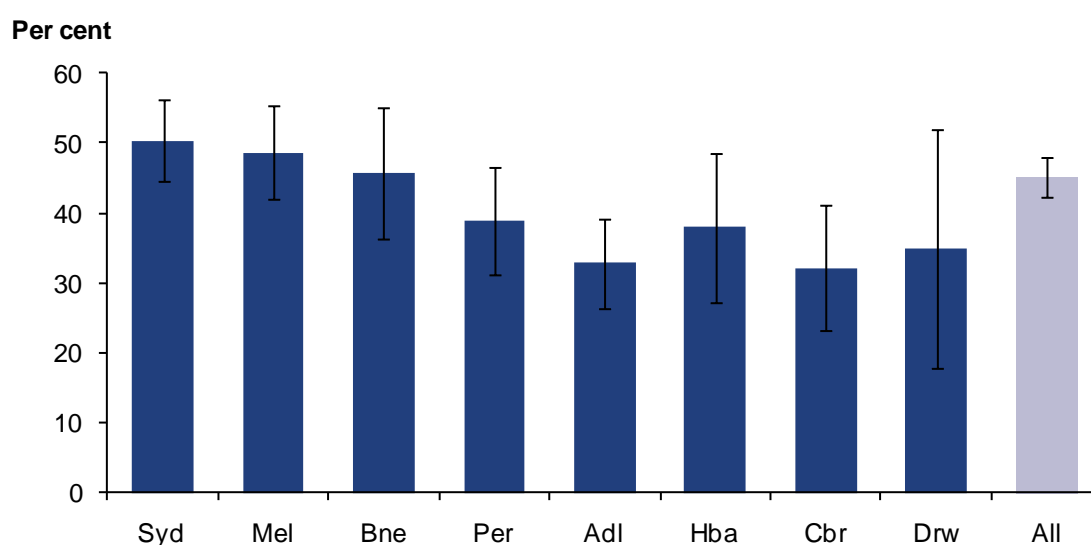
1. Aggregate of capital cities refers to the weighted average of all eight capital cities.
2. See statistical supplement, Table NAHA.1.1, for data, relative standard errors and technical notes.
3. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Survey of Income and Housing 2007–08 and 2009–10

For individual capital cities, Sydney had a significantly higher rate of rental stress (50.4%) compared to the rate for all capital cities (45.2%). The rates of rental stress in Adelaide and Canberra were significantly below the rate for all capital cities (32.8% and 32.2% respectively, see Figure 2.5).

There was no significant change in rental stress in any State or Territory between 2007–08 and 2009–10.

Figure 2.5 Proportion of low income rental households in rental stress, by capital city, 2009–10



Notes:

1. 'All' refers to the weighted average of all eight capital cities.
2. Estimate for Darwin has a relative standard error of between 25% and 50%, and should be used with caution.
3. See statistical supplement, Table NAHA.1.1, for data, relative standard errors and technical notes.

Source: ABS (unpublished) Survey of Income and Housing 2009–10

Outside of the capital cities, rental stress was highest in NSW and Queensland

Outside of the capital cities, in 2009–10 the proportion of low income households in rental stress was significantly higher in NSW and Queensland than in the other States.

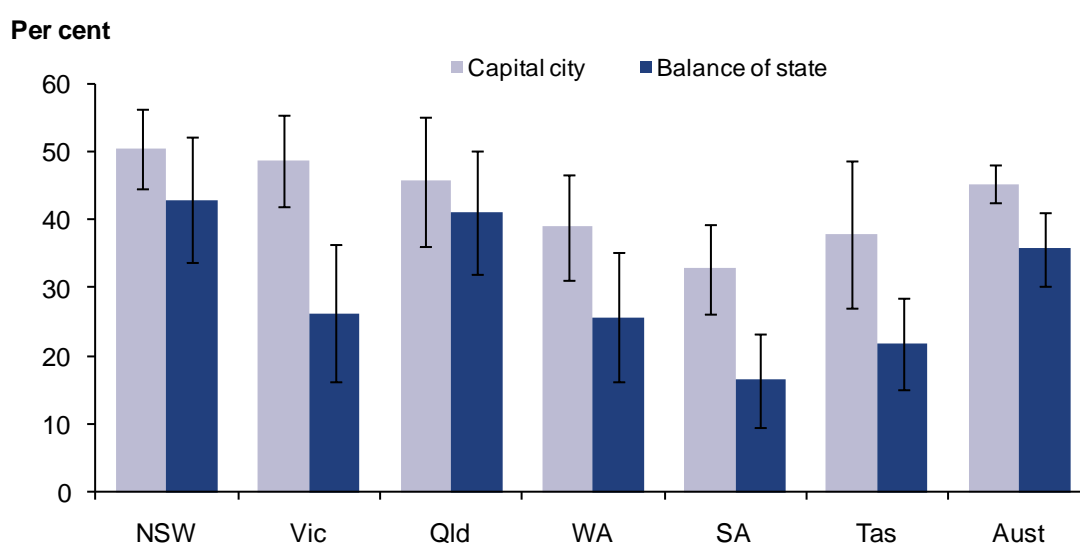
Comparing capital cities with the balance of states (see Figure 2.6), the proportion of low income households that were in rental stress was significantly:

- higher across capital cities (45.2%) compared to the rest of Australia (35.7%)
- higher in Melbourne (48.7%) than the rest of Victoria (26.3%)
- higher in Adelaide (32.8%) than the rest of South Australia (16.5%).

For the other States, the difference between the capital city and the balance of state was not statistically significant.

Balance of state estimates were not available for the ACT and considered not reliable for the Northern Territory.

Figure 2.6 Proportion of low income rental households in rental stress, by capital city/balance of state, 2009–10



Notes:

1. Balance of state estimates are not available for the ACT and are not considered reliable for the NT.
2. See statistical supplement, Table NAHA.1.1, for data, relative standard errors and technical notes.

Source: ABS (unpublished) Survey of Income and Housing 2009–10

Chapter 3. Home purchase affordability

At a glance

In all jurisdictions, homes became less affordable for low and moderate income households to buy between 2009–10 and 2010–11

- Interest rate increases from 2009–10 to 2010–11 played a substantial role in the decline in home purchase affordability.
- Queensland had the lowest proportion of homes affordable to buy for both low and moderate income households.
- Canberra had the highest proportion of homes affordable to low income households; for moderate income households, it was Darwin.
- Very few homes were affordable to low income households in Perth, Brisbane, Sydney and Melbourne.

3.1 About this chapter

While not all Australians aspire to own homes, in the National Affordable Housing Agreement COAG committed to the outcome ‘people can purchase affordable housing’. Achieving this would mean home ownership is a realistic goal for households who want it.

Home ownership is associated with many benefits (Hulse and Burke 2009), including financial benefits such as lower real housing costs over a lifetime and wealth accumulation through a growth asset. Owning a home can also bring social and cultural benefits such as a sense of belonging, security, control and privacy, and is linked to improvements in health and educational attainment (COAG Reform Council 2011).

How do we report on home purchase affordability?

In the Agreement, COAG nominated two indicators to measure progress toward this outcome:

- the proportion of homes sold that are affordable by low and moderate income households
- the proportion of Australian households owning or purchasing a home.

This chapter reports on the first indicator, which assesses whether homes would be affordable for people who were *looking to purchase* homes. Chapter 4 reports on affordability for *homeowners*.

The source of data for this indicator is the ABS’s two-yearly Survey of Income and Housing, and Valuer-Generals sales data. All new data are available in the statistical supplement.

What do I need to know to understand this indicator?

This indicator looks at the proportion of homes sold that are affordable by low and moderate income households. COAG also agreed to include the proportion of homes built when they developed this indicator, but these data are not available.

To calculate affordability, the indicator looks at the incomes of households at the top of the low and moderate brackets (the 40th and 60th percentiles, respectively) measured by equivalised disposable household income. Next, it calculates their 'affordable' mortgage repayment based on weekly repayments of 30% of gross income. Then, based on interest rates and a 10% deposit, it works out the 'affordable' price for a home.

Using the affordable home price, the indicator looks at home sales over the relevant period, calculating the proportion of these that were affordable to low and moderate income households. Appendix C explains this in more detail and provides the income levels and interest rates used.

By using estimates of the income levels for each capital and region, this measure takes into account the fact that housing markets, as well as incomes, differ between areas.

Box 3.1 Revisions to our 2009–10 report

This year we have received substantial revisions to the income data on which we based our 2009–10 analysis. Appendix C outlines why these data were revised.

Because of these changes, we have revised our performance information for this indicator for 2009–10. In some cases, the consequences of the revised income estimates have been substantial. Appendix C (Figures C.4 to C.9) compares the performance information we originally reported to the revised information.

Prior to drafting our 2009–10 report, jurisdictions were advised the incomes data were based on projections, and agreed the data were of acceptable accuracy for performance reporting.

We note the ABS has examined options for calculating relative standard errors for the data in this indicator, but at the time of writing it had not developed a method.

Source: Steering Committee (2010, pp 65–66)

This is the first year we have had access to income estimates based on two ABS Surveys of Income and Housing (conducted 2007–08 and 2009–10). We have noticed some substantial differences between the gross household income estimates in 2007–08 and 2009–10 (which are derived from these surveys). However, these differences are more due to the composition of the households surveyed than actual changes in income distribution. Appendix C explains the reasons for these differences in detail. The other indicators in this report are not affected.

As these income estimates are core components of the indicator, substantial differences in income estimates can lead to substantial differences in performance. To ensure these differences do not provide a misleading indication of performance, we will only look at affordability for 2009–10 and 2010–11 (which is projected based on the 2009–10 data). We will not compare these years with the results we have published previously for 2007–08 and 2008–09 (which is projected based on the 2007–08 data).

3.2 Home purchase affordability

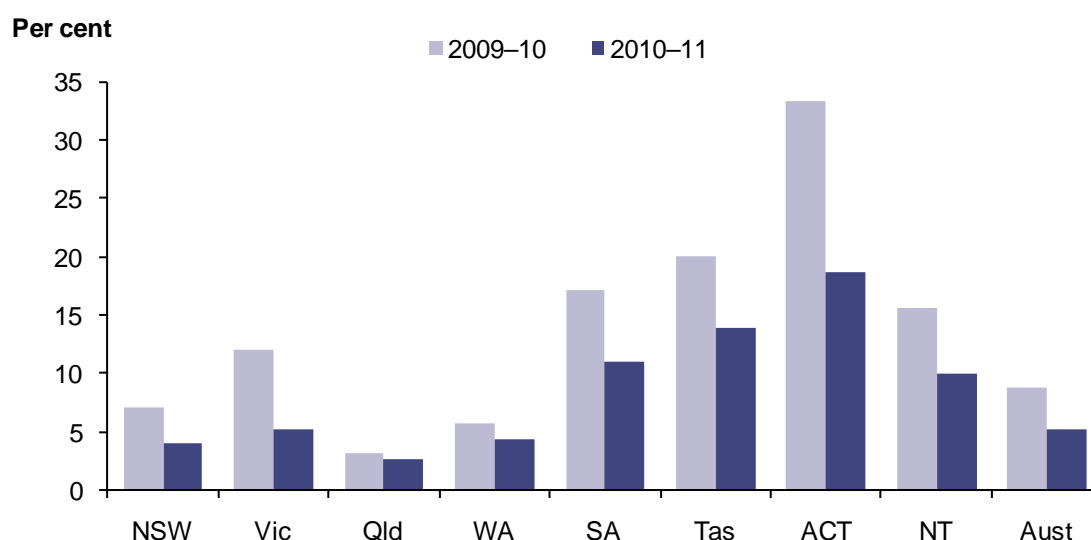
Home purchase affordability fell in all jurisdictions

Between 2009–10 and 2010–11, average standard variable interest rates rose 112 basis points. Income levels remained relatively steady over that period, so households could not borrow as much in 2010–11 as they could in 2009–10. This means there was a substantial fall in the amount households could afford to spend on a home. Since there was no corresponding fall in the prices homes were actually sold for, in all jurisdictions, for both low and moderate income households, home purchase affordability fell (see Figure 3.1 and Figure 3.2).

The order of affordability by jurisdiction remains basically unchanged between 2009–10 and 2010–11 for low income households. But the magnitude of the decline was different for each.

- In 2010–11, the ACT retained its position as the most affordable jurisdiction for low income households (18.7% of homes sold were affordable).
- South Australia, Tasmania, the ACT and the Northern Territory were all more affordable than the national level.
- Queensland remained the least affordable jurisdiction for low income households—only 2.7% of homes sold were affordable. Affordability in NSW (4.0%), Victoria (5.2%) and Western Australia (4.4%) fell to levels close to Queensland.

Figure 3.1 Proportion of homes sold that were affordable to low income households, by State and Territory



Notes:

1. See Statistical Supplement, Tables NAHA.2.1 and NAHA.2.7 for data and technical notes.
2. Estimates for the ACT and Northern Territory do not include regions outside the capital cities.

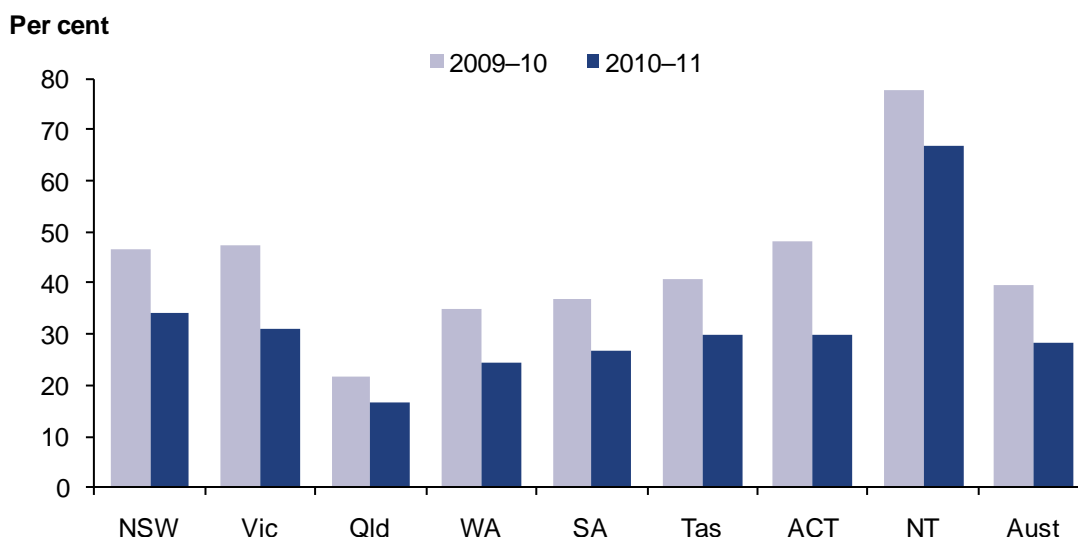
Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

As with low income households, Queensland was the least affordable State or Territory for moderate income households in 2009–10, followed by Western Australia. In 2010–11, this remained the case. While Queensland had the smallest decline in affordability, its affordability was already low.

While still declining, affordability in NSW did not fall as low as many other States. Indeed, in 2010–11, NSW became the second most affordable State or Territory for moderate income households. The Northern Territory retained its position as the most affordable State or Territory for moderate income households to buy a home.

Affordability for moderate income households in Victoria, South Australia, Tasmania and the ACT were all around the national level.

Figure 3.2 Proportion of homes sold that were affordable to moderate income households, by State and Territory



Notes:

1. See Statistical Supplement, Tables NAHA.2.4 and NAHA.2.10 for data and technical notes.
2. Estimates for the ACT and Northern Territory do not include regions outside the capital cities.

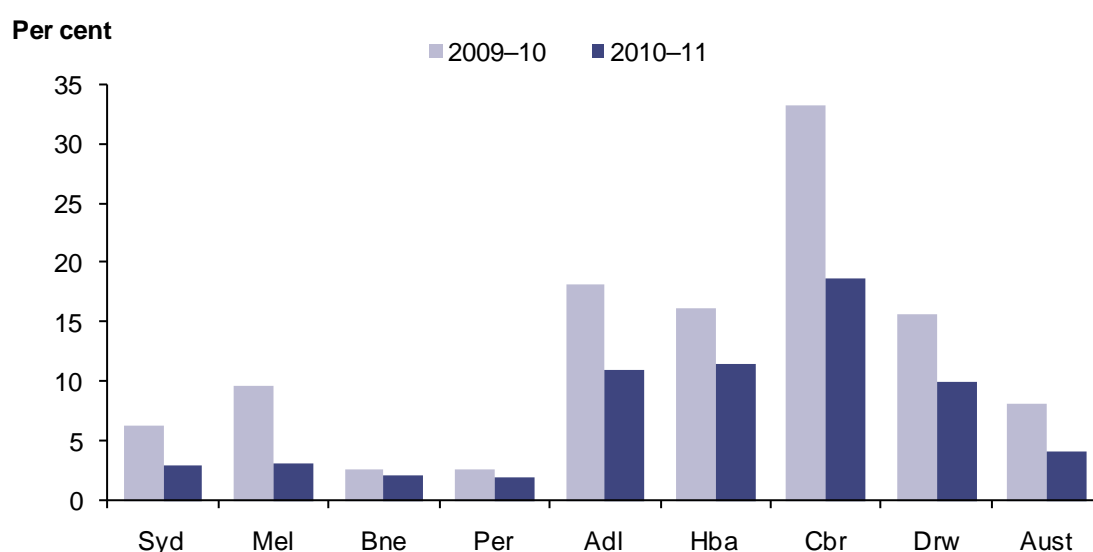
Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Affordability also fell in all capital cities

Performance at the capital city level was broadly similar to the performance of States and Territories, for both income levels.

Canberra still has the highest levels of home purchase affordability for low income households, but its margin over other cities narrowed between 2009–10 and 2010–11.

Figure 3.3 Proportion of homes sold that were affordable to low income households, by capital city



Notes:

1. See Statistical Supplement, Tables NAHA.2.1 and NAHA.2.7 for data and technical notes.

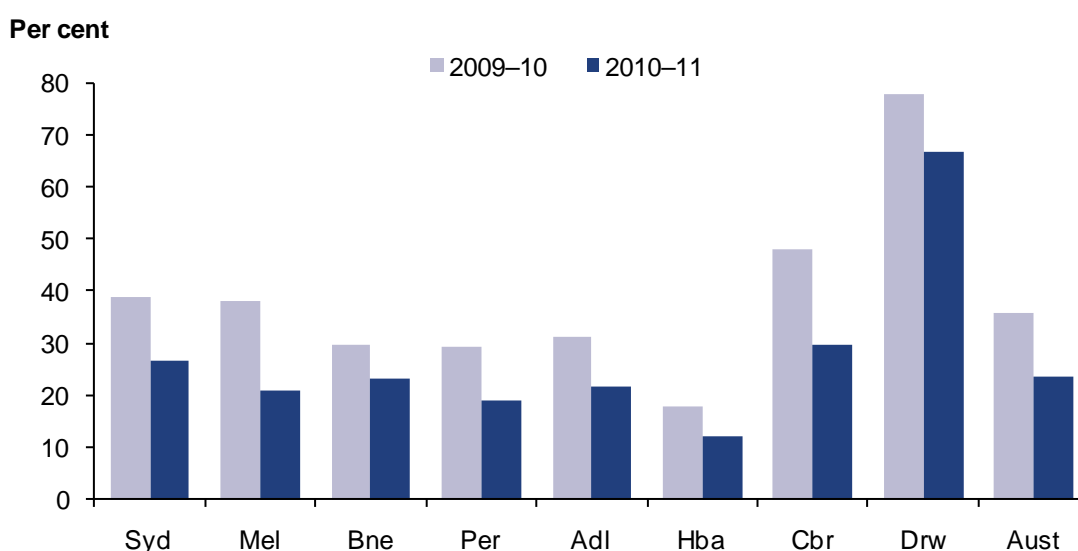
Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

While only 10% of homes sold in Darwin in 2010–11 were affordable to low income households, moderate income households enjoyed good affordability. Indeed, moderate income households in Darwin could afford 67% of the homes sold that year—more than twice the proportion of Canberra, which had the next highest level of affordability.

For moderate income households in other cities:

- Canberra and Sydney retain their positions as having the second and third highest levels of affordability
- Melbourne, Brisbane, Perth and Adelaide all had broadly similar levels of affordability to the national level
- Hobart had the lowest levels of home purchase affordability.

Figure 3.4 Proportion of homes sold that were affordable to moderate income households, by capital city



Notes:

1. See Statistical Supplement, Tables NAHA.2.4 and NAHA.2.10 for data and technical notes.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

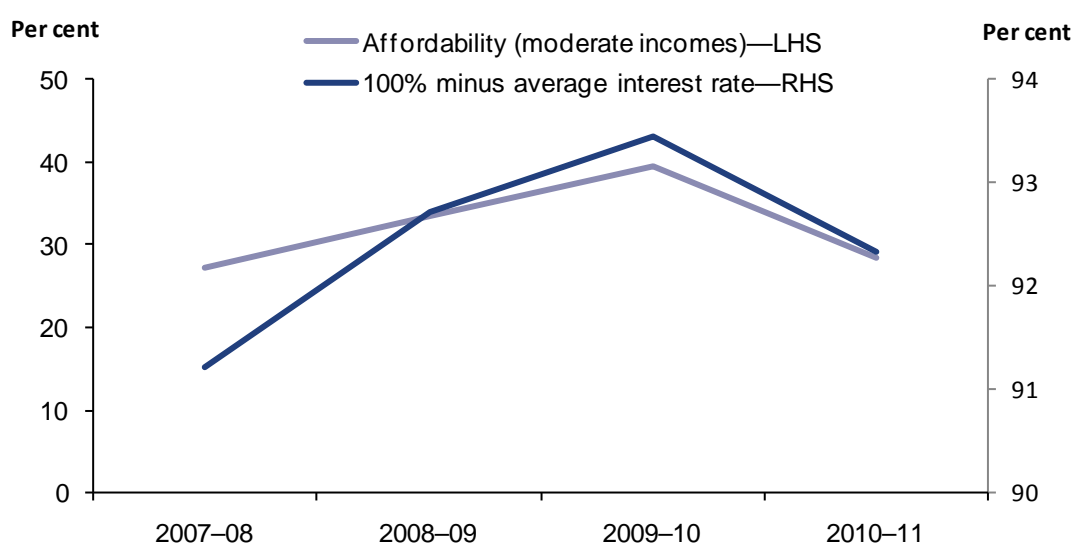
3.3 Interpreting these results

There are several important factors to consider when interpreting this performance indicator.

The indicator is highly sensitive to interest rates

Last year, we highlighted the sensitivity of this indicator to changes in standard variable interest rates. Figure 3.5 demonstrates the strength of this relationship.

Figure 3.5 Sensitivity of this indicator to changes in standard variable interest rates



Notes:

1. The left axis (left hand side—LHS) represents the national proportion of homes sold that were affordable for moderate income households from 2007–08 to 2010–11.
2. The right axis (right hand side—RHS) shows 100% minus the average standard variable interest rate for the period. This reflects the fact that as interest rates go down, affordability goes up.

Source: ABS (unpublished) Analysis of Survey of Income and Housing data 2007–08 and 2009–10; Valuers-General sales data for 2007–08 to 2010–11, RBA (2012) F5 Indicator Lending Rates

Between 2009–10 and 2010–11, average annual standard variable interest rates rose 112 basis points, from 6.55% to 7.67%. All things being equal in the short term, with higher interest rates the buying power of households falls—that is, they can afford smaller mortgages and less expensive homes.

We reiterate our comment in last year's report (p. 31): the sensitivity of this indicator to interest rate movements makes it difficult for the council to attribute changes to government action.

The indicator only describes affordability for a small proportion of each income category

As we mention above, affordability in this indicator is measured using households at the 40th and 60th percentiles of gross income.

For the sake of simplicity, in the chapter we talk about affordability for low and moderate income households, but in reality the results only apply to households at the very top of those income brackets.

This means the total proportion of homes we describe as affordable for low and moderate income households are not actually affordable for the majority of households in each bracket.

The distribution of home prices affects the indicator

The distribution of home prices heavily influences how sensitive the indicator will be to any change in the affordable home price.

If the affordable home price happens to be at a price where there are a large number of sales, then a change in the affordable price will have a large effect on the indicator. However, if the affordable price happens to fall at a point where there are a low number of sales, then the same change in price will have a smaller effect on the indicator.

The distribution of home prices varies from market to market: a larger proportion of homes sold in some markets (like Adelaide) cluster around a particular price more than others (such as Sydney), where homes tend to be sold at a broader range of prices.

In practice, this means that a \$20 000 fall in the affordable home price in 2010–11 would have a different effect on the indicator in Sydney than the same change would have in Adelaide.

- If Sydney's affordable home price for low income households in 2010–11 were to drop \$20 000, from about \$230 000 to \$210 000, this would reduce the proportion of homes sold at (or less than) this amount by around one percentage point.
- If that same fall were to happen in Adelaide, this time from about \$250 000 to \$230 000, this would lower the proportion of homes sold by around four percentage points.

Figure C.10 in Appendix C demonstrates the distribution of home prices for capital cities, and shows where the affordable home price (for households at the top of the low income category) fell in 2009–10 and 2010–11.

Chapter 4. Affordability for homeowners

At a glance

The proportion of homeowners in mortgage stress has not changed

- Nationally in 2009–10, 37% of low income households were in mortgage stress, a similar proportion to 2007–08.
 - More low income households in Perth were in mortgage stress in 2009–10 compared to 2007–08, but fewer households in Brisbane and Canberra were in stress.

The national rate of home ownership was 68.8% in 2009–10

- While the same proportion of Western Australians owned their homes in 2009–10 and 2007–08, not as many owned their homes outright.

4.1 About this chapter

As with Chapter 3, this chapter looks at the National Affordable Housing Agreement outcome ‘people can purchase affordable housing’.

While the previous chapter looked at affordability for households looking to purchase a home, this chapter considers affordability by looking at people who have purchased and are paying off a home. It aims to show whether people were able to afford to buy homes and, if so, whether they experienced ongoing financial difficulty as a result.

How do we report on affordability for homeowners?

In addition to the indicator COAG agreed, ‘the proportion of households that own or are purchasing their homes’, we have included ‘mortgage stress for low income households’. The mortgage stress indicator highlights how many households are *paying off* homes they may not have been able to afford comfortably.

In this chapter, we measure the proportion of low income households (in the bottom 40% by income) with a mortgage that are in mortgage stress. A low income household is generally considered to be in stress if its mortgage costs exceed 30% of its gross income.

Mortgage stress carries different implications than the rental stress indicator we assess in Chapter 2. Low income households with a mortgage pay both an interest component and a principal component. Compared with rental costs, payment of the principal component may be thought of as a (tax effective) form of investment as well as an ongoing housing cost.

The source of data for these indicators is the ABS’s two-yearly Survey of Income and Housing. All new data are available in the statistical supplement.

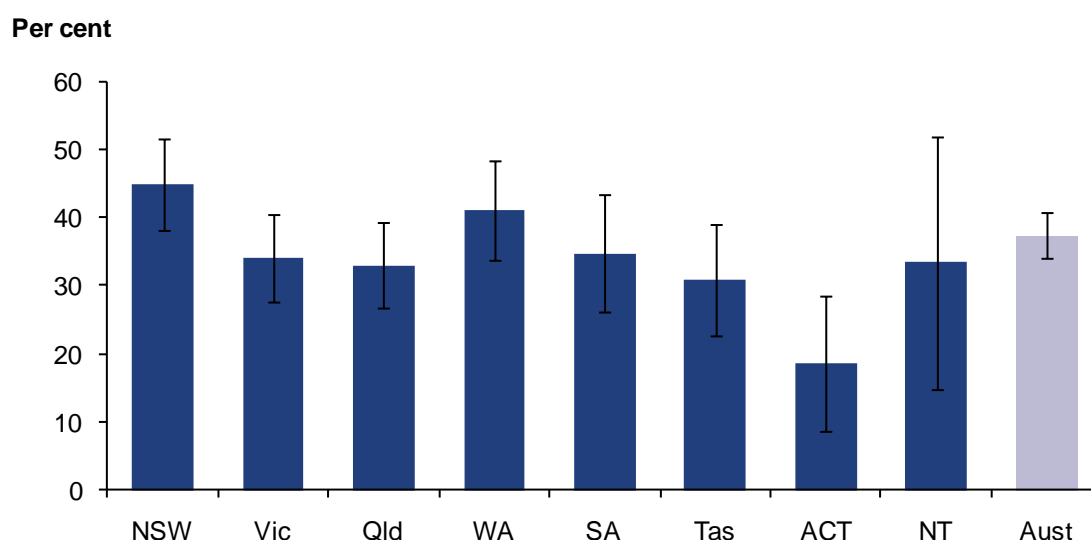
4.2 Mortgage stress for low income households

Mortgage stress was largely stable

Nationally, 37.4% of low income households with a mortgage were in mortgage stress in 2009–10. This was not significantly different to the rate in 2007–08, which was 36.0%.

In 2009–10, NSW (44.9%) had a significantly higher rate of mortgage stress than the national average, while the ACT (18.6%) had a significantly lower rate (see Figure 4.1). The other States and Territories were not significantly different to the national rate.

Figure 4.1 Proportion of low income households with a mortgage in mortgage stress, by State and Territory, 2009–10



Notes:

1. Estimates for the ACT and the NT have relative standard errors between 25 and 50%, and should be used with caution.
2. See statistical supplement, Table NAHA.1.19, for data, relative standard errors and technical notes.

Source: ABS (unpublished) Survey of Income and Housing 2009–10

Box 4.1 Changes in the way we calculate this indicator

In our 2008–09 publication, we reported that in 2007–08, 46.6% of low income households with a mortgage were in mortgage stress. This year we report the 2007–08 figure as 36.0%. The difference is due to changes in the way we calculated mortgage stress.

In 2008–09, we defined mortgage costs as mortgage or unsecured loan payments (if the *initial* purpose was primarily to buy, build, add to or alter the dwelling), and rate payments.

This year, based on advice from data agencies, we have defined mortgage costs as mortgage or unsecured loan payments that directly relate to buying, building, adding to or altering the dwelling. If part of the loan is for purposes other than housing, then we exclude that part of the loan from the mortgage cost calculations. We also exclude rate payments.

By capital city, the results were mixed. Between 2007–08 and 2009–10, mortgage stress:

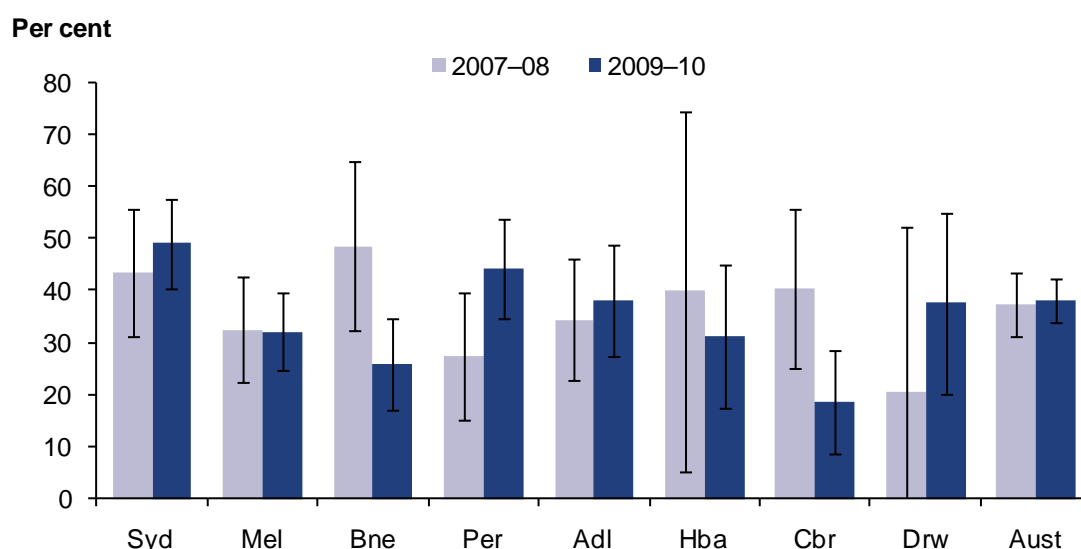
- declined significantly in Brisbane and Canberra
- significantly increased in Perth.

In 2009–10, compared to the weighted average of capital cities:

- Sydney had significantly higher levels of mortgage stress
- Brisbane and Canberra had significantly lower levels.

Canberra also had significantly less mortgage stress in 2009–10 than Sydney, Melbourne, Perth and Adelaide (see Figure 4.2).

Figure 4.2 Proportion of low income households with a mortgage in mortgage stress, by capital city, 2007–08 and 2009–10



Notes:

1. Estimates for Hobart (2007–08) and Canberra (2009–10) have relative standard errors of between 25 and 50%, and should be used with caution.
2. Estimate for Darwin (2007–08) has a relative standard error greater than 50% and is considered not reliable.
3. See statistical supplement, Table NAHA.1.19, for data, relative standard errors and technical notes.
4. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Survey of Income and Housing 2007–08 and 2009–10

Interpreting these results

We recommend caution with the assumption that households in the lowest 40% by income are in financial difficulty if they have a mortgage that costs more than 30% of their gross income:

- some households paying less than 30% of their income on a mortgage may be in financial difficulty
- households may choose to pay a larger proportion of their income when they establish a mortgage, expecting their income will grow and the real costs of the mortgage will decline over time, or the value of the home will increase.

Income is only one measure of a household's financial resources. As well as income, households may be able to draw on savings and assets—so they may not experience financial difficulties even if their mortgage repayments are greater than 30% of their gross income.

We understand (from ABS analysis) that almost one in four low income households in mortgage stress were in the top 30% of households by wealth. Since high wealth households have greater capacity to meet their mortgages, we do not consider they represent the households that governments are attempting to target through the National Affordable Housing Agreement. (We also note high household wealth is far less of a consideration for households that rent, so this is less of a factor when considering Chapter 2.)

We will investigate refining this indicator in the future, to ensure the households we include are limited to low income, low wealth households.

4.3 Home ownership rates

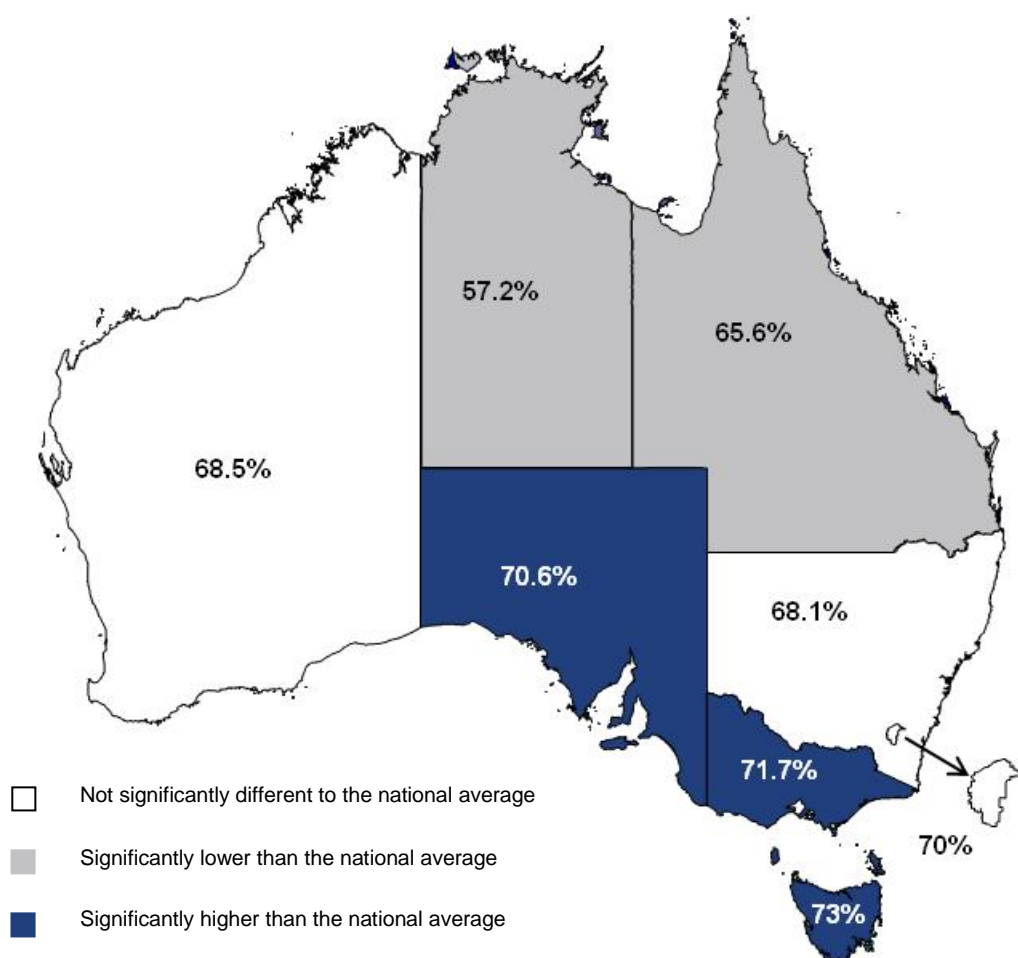
The rate of home ownership remains around 69%

In the National Affordable Housing Agreement, COAG also agreed *the proportion of Australian households owning or purchasing a home* as an indicator.

For all jurisdictions, even when broken down by capital city and the balance of the State or Territory, there was no significant change in home ownership between 2007–08 and 2009–10.

Nationally, in 2009–10 68.8% of Australian households owned or were purchasing their homes. Most States and Territories had broadly similar rates of home ownership. The exception was the Northern Territory. The proportion of home owners in the Northern Territory (57.2%) was significantly less than all other jurisdictions.

Figure 4.3 Proportion of households owning or purchasing a home, by State and Territory, 2009–10



Notes:

1. See statistical supplement, Table NAHA.5.1, for data, relative standard errors and technical notes.

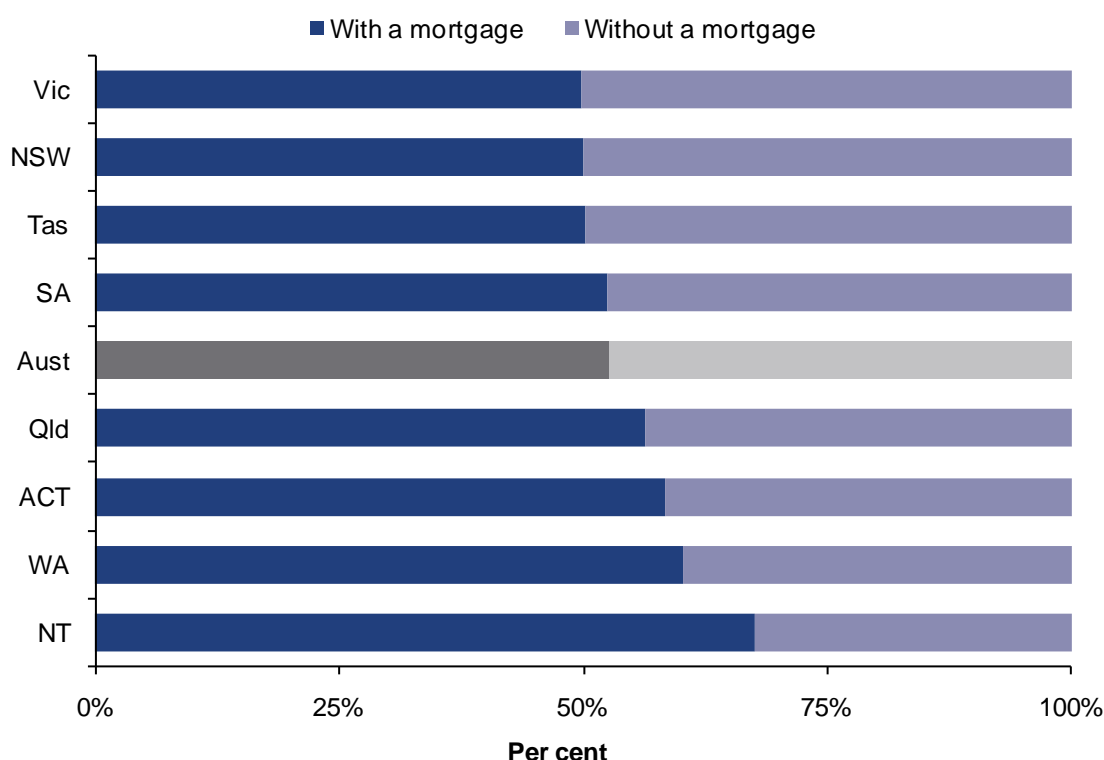
Source: ABS (unpublished) Survey of Income and Housing 2009–10

Most households who own their homes have a mortgage

Nationally, and in the majority of States and Territories, households are more likely to have a mortgage than own their homes outright.

In NSW, Victoria and Tasmania, however, about the same proportion of households own their homes outright as those who have mortgages.

Figure 4.4 Proportion of households who own their homes outright compared to those with a mortgage, by jurisdiction, 2009–10



Notes:

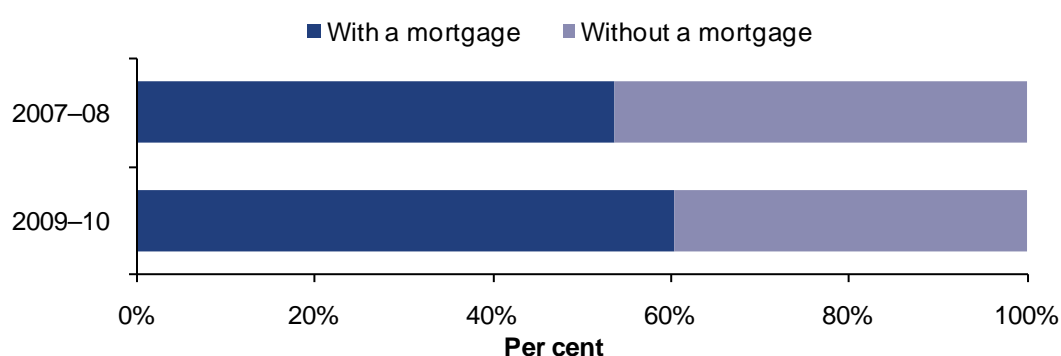
1. Includes households that own their dwelling outright, have a mortgage outstanding on their dwelling or are in a rent-buy or shared equity scheme.
2. See statistical supplement, Table NAHA.5.7, for data, relative standard errors and technical notes.

Source: ABS (unpublished) Survey of Income and Housing 2009–10

Between 2007–08 and 2009–10, the proportion of households that owned their homes outright, compared to those that had mortgages, did not significantly change for any State or Territory other than Western Australia.

In Western Australia, in 2007–08 the proportion of home owners with a mortgage was larger than those who owned outright by 7.4 percentage points. By 2009–10, the difference jumped to over 20 percentage points.

Figure 4.5 Proportion of households who own their homes outright compared to those with a mortgage, Western Australia only, 2007–08 to 2009–10



Notes:

1. See statistical supplement, Table NAHA.5.7, for data, relative standard errors and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Survey of Income and Housing 2007–08 and 2009–10

There was no statistically significant change in the ratio of mortgagees to outright owners for any other jurisdiction over this period.

Interpreting these results

For this indicator, we look at the number of households owning a home, whether outright or with a mortgage, as a proportion of the total number of households. Unlike the other indicators we use, this one looks at all households—not just low income households.

We note this indicator may reflect a number of factors other than affordability. For example, differences in home ownership levels may reflect different age profiles in each State or Territory, or changing preferences.

Chapter 5. Housing market efficiency and responsiveness

At a glance

From 2001 to 2010, estimated underlying demand for housing outpaced the supply of new dwellings

- Nationally, the estimated dwelling gap increased from 78 000 in 2008 to 186 800 in 2010.
- From 2001 to 2010, the cumulative increase in underlying demand outpaced the net increase in dwellings by 13.5%.

5.1 About this chapter

In the National Affordable Housing Agreement, COAG committed to the outcome ‘people have access to housing through an efficient and responsive housing market’. This outcome focuses on moving toward a balance between housing supply and demand, and fostering a flexible market that can adjust quickly to changes in supply and demand.

How do we report on housing market efficiency and responsiveness?

In the Agreement, governments committed to developing performance indicators measuring ‘supply meeting underlying demand for housing’ and ‘housing market efficiency’.

Governments have not yet defined the concept of housing market efficiency, nor have they identified a performance indicator.

Governments have also not developed an indicator for supply meeting underlying demand. Until they develop an indicator to measure this, we intend to use an interim measure developed by the National Housing Supply Council:

- estimated cumulative gap between underlying demand for housing and housing supply, as a proportion of the increase in underlying demand.

While this indicator is based on some key assumptions (see page 36), we consider it is useful as an interim indicator. In our 2007–08 report, we suggested COAG endorse this interim indicator; COAG noted this and referred the suggestion to the review of the Agreement (see Chapter 1).

Understanding the indicator

The *dwelling gap* is the difference between cumulative supply and underlying demand for housing. Where underlying demand is larger than cumulative supply, the number of people in a household will be larger than people would otherwise choose—suggesting lower living standards than would otherwise be the case (NHSC 2010).

Underlying demand for housing is the need for housing based on growth in the number of households in the population. It is driven solely by population growth and household formation. Underlying demand differs to effective demand, which is what actually happens in the market (and is influenced by economic as well as demographic factors).

Cumulative housing supply is the net growth in the stock of private dwellings, calculated as additional new dwellings:

- plus conversions (non-residential to residential)
- minus an adjustment for some homes being unavailable for occupancy (e.g. second homes, dwellings undergoing renovation)
- minus demolitions.

The National Housing Supply Council uses 2001 as a baseline year to measure the cumulative gap. Comprehensive census data was collected in 2001 and this is also sufficiently long ago to allow normal market cycles to have since corrected any imbalances at the time. Further, at a national level, the National Housing Supply Council estimated the housing market that year was roughly in equilibrium between demand and supply.

The National Housing Supply Council's 2011 State of Supply Report provides detailed information on the method it uses to calculate the dwelling gap (NHSC 2011).

5.2 Why is it important for supply to meet underlying demand for housing?

Factors influencing supply and demand

The National Housing Supply Council, building on Productivity Commission work, developed a model that demonstrates the factors influencing the affordability of house prices (NHSC 2010).

This model highlights the variables that influence the demand for and supply of housing. On the demand side, key factors include:

- economic conditions for households
- demographics
- investor demand
- consumer preferences
- immigration and interstate migration.

Given the supply of housing is mostly made up of existing stock, the factors influencing new dwellings (construction and infrastructure costs, land availability and the development process) play a small but important role.

With the broad economic, social and demographic forces that influence supply and demand for housing, Commonwealth, State and Territory government housing policies have only limited influence over this measure in the short term.

Consequences of supply not meeting demand

A large and sustained gap between the supply of and underlying demand for housing can have a number of effects. The National Housing Supply Council (2011) identifies some potential ones:

- higher prices for houses and rental properties than would otherwise be the case
- new households may not form at the rate implied by long term trends, for example more group households or adult children remaining in the parental home for longer
- greater use of non-private dwellings, such as boarding houses and supported accommodation
- an increase in the number of people experiencing primary or secondary homelessness.

Data from the 2011 Census may start to show the effect of supply constraints on household formation and change—this would imply a growth in average household sizes.

The National Housing Supply Council estimates the impact of these changes is most likely to be felt at the lower end of the socioeconomic spectrum.

5.3 The balance between supply of housing and underlying demand

Supply has not kept up with demand

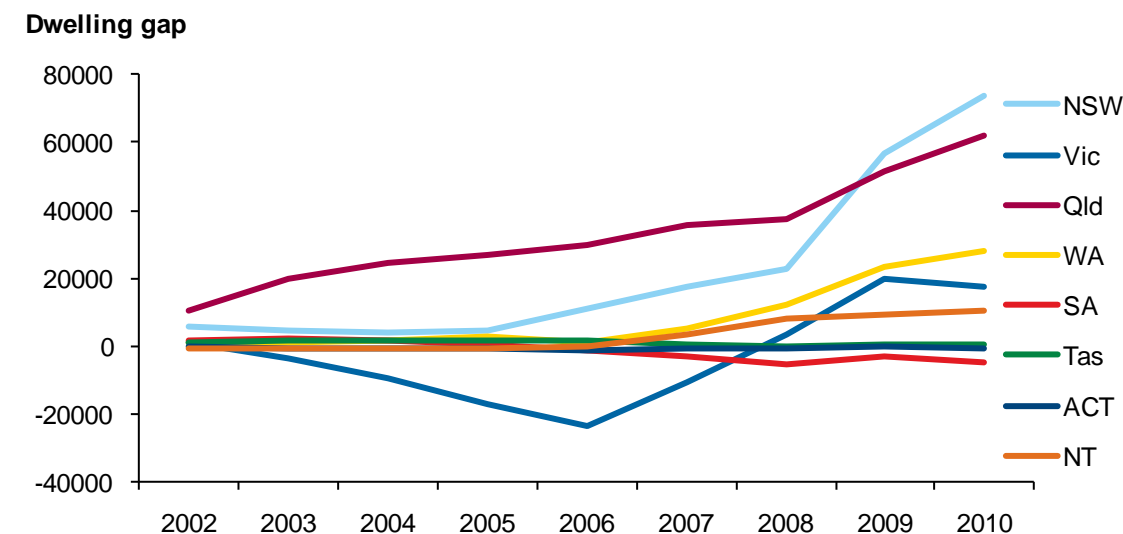
Nationally, the estimated cumulative gap between supply and demand increased from 78 000 in 2008 to 158 500 in 2009 and to 186 800 in 2010. This means around 186 800 more dwellings were required in Australia in 2010 to satisfy growth in demand since 2001. This dwelling gap is equivalent to 13.5% of the growth in underlying demand between 2001 and 2010.

The National Housing Supply Council estimated that in 2010 supply exceeded cumulative growth in demand in two States and Territories: South Australia by 4500 dwellings and the ACT by 600 dwellings.

Figure 5.1 shows:

- NSW and Queensland had the largest absolute cumulative dwelling gaps in 2010 at 73 700 and 61 900 respectively
- Victoria shifted from a position of oversupply of housing in 2006 to undersupply in 2009.

Figure 5.1 Cumulative gap between housing supply and underlying demand since 2001, by State and Territory



Notes:

1. A negative number indicates a surplus of dwellings.
2. For more detailed information on method and assumptions, see the NHSC 2011 State of Supply report.

Source: National Housing Supply Council (unpublished) National Housing Supply Council data

Underlying demand has outpaced supply by 13.5% since 2001

When the cumulative gap is expressed as a proportion of the growth in underlying demand, it represents the proportion of demand for housing that has not been met (a positive number) or the proportion by which supply exceeds demand (a negative number).

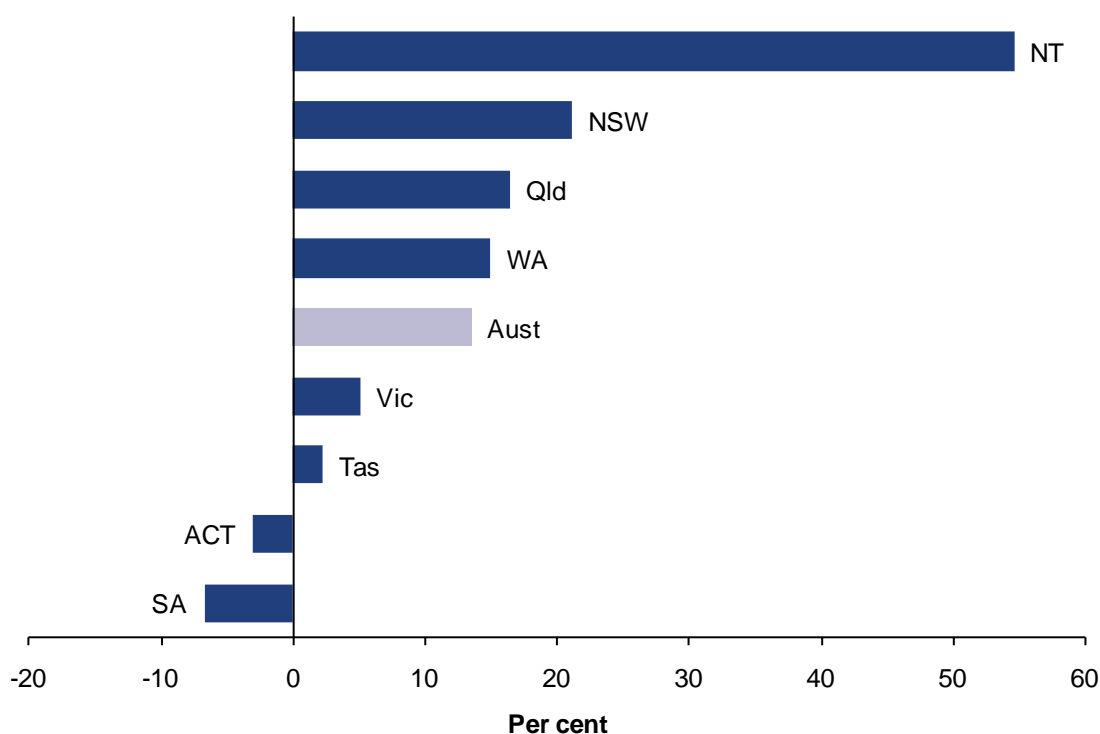
Figure 5.2 shows that between 2001 and 2010, as a proportion of the increase in demand:

- the cumulative gap was largest in the Northern Territory, at 54.6%
- NSW (21.2%), Queensland (16.5%) and Western Australia (15.0%) also had larger cumulative gaps than the national proportion of 13.5%.

In absolute terms, NSW had the largest cumulative gap in housing supply in 2010 (73 700). But taking into account the size of the growth in underlying demand (348 300), expressed as a proportion NSW had the second-largest gap (21.2%).

The cumulative gap between supply and demand, in absolute terms, was relatively small in the Northern Territory (just 10 300 dwellings). But underlying demand growth in the Northern Territory was also low, so expressed as a proportion the growth in demand not met by increased supply was 54.6%—the largest by far. But with such small numbers, we note the values for the Northern Territory are highly sensitive to changes in modelling and assumptions.

Figure 5.2 Cumulative gap between housing supply and underlying demand in 2010 as a proportion of increase in demand since 2001, by State and Territory



Notes:

1. A negative number indicates a surplus of dwellings relative to the growth in demand.

Source: National Housing Supply Council (unpublished) National Housing Supply Council data

Interpreting these results

This measure relies on a number of assumptions and faces several constraints:

- the National Housing Supply Council has made assumptions regarding the number of demolitions of existing stock and of vacant dwellings unavailable for occupancy by new households
- the dwelling gap is sensitive to assumptions on household formation propensities since the 2006 census: the National Housing Supply Council assume the trends in ‘household transition propensities’ (the likelihood of a household moving from one type to another) continue the transitions seen between the 2001 and 2006 Census
- the underlying demand projections are more sensitive to the household formation assumptions the further into the future they are taken (NHSC 2011)
- the National Housing Supply Council’s modelling may not accurately take into account the effects of relatively high population growth in states like Queensland and Western Australia.

The Census in 2006 calculated total housing stock at around 8 605 800 dwellings. The ABS also estimates the number of new dwellings that year was 146 811—around 1.7% of total stock (not taking into account demolitions). At the same time, the National Housing Supply Council estimates that around 3.6% of dwellings were vacant but available for occupancy in 2006.

These factors highlight the importance of the National Housing Supply Council’s assumption of equilibrium in 2001. If this assumption (or assumptions about subsequent household formation) was wrong by a small proportion, there would be substantial implications for this indicator. Also, the assumption of national equilibrium does not account for different jurisdictions being in imbalance in 2001 or for different regional markets within jurisdictions being in imbalance.

Nevertheless, National Housing Supply Council estimates are comparable to industry estimates (NHSC 2011) and we consider there is merit in reporting on this measure as an indicator of supply meeting underlying demand for housing until COAG identifies an indicator.

Chapter 6. Reporting on National Partnerships

At a glance

We are not reporting all information on National Partnerships that support the objectives of the National Affordable Housing Agreement this year

- We cannot effectively report on implementation of the National Partnerships or measure if that activity is contributing to the outcomes of the Agreement.
- We cannot clearly mark progress on commitments or analyse the information comparatively.

The highlight from the National Partnerships is in remote Indigenous housing

- Governments have exceeded their targets for 2010–11 by building 490 new homes and refurbishing a further 2288 homes in remote Indigenous communities.

6.1 National Partnerships that support National Agreements

National Partnerships between the Commonwealth and the States and Territories are based on agreed policy objectives in areas of nationally significant reform or service delivery improvements, and define the associated outputs and performance benchmarks (COAG 2008b).

Some National Partnerships involve ‘reward funding’ from the Commonwealth to States and Territories that deliver on outcomes according to agreed performance benchmarks. The council has a role in reporting on reward National Partnerships, and these reports are on our website at www.coagreformcouncil.gov.au.

The council’s role and approach in relation to National Partnerships

In addition to reward reports, we also have a role to publish performance data relating to National Partnerships to the extent that they support the objectives of National Agreements (COAG 2008, cl. C 5 (C)).

This is the second year we have reported on National Partnerships in National Agreement reports.

- **Our task.** Our task is to highlight progress implementing National Partnerships that support the objectives of the National Affordable Housing Agreement. We do not report on detailed implementation of the National Partnerships or measure if that activity is contributing to the outcomes of the Agreement.
- **Information.** State and Territory performance information is provided in annual reports for each National Partnership. Annual reports are submitted to COAG and then provided to the council by the relevant Commonwealth agency.

6.2 Reporting performance in 2010–11

There are three National Partnerships that support the objectives of the National Affordable Housing Agreement:

- National Partnership Agreement on Social Housing
- National Partnership Agreement on Homelessness
- National Partnership Agreement on Remote Indigenous Housing

Concerns with reporting on National Partnerships in National Agreement reports

The council has three main concerns about reporting on National Partnerships in National Agreement reports.

We cannot link the activity reported to the outcomes and objectives in the National Agreement. Reports on National Partnerships generally provide information on activity without evidence of the effect the activity has on outcomes.

We cannot clearly mark progress against commitments or analyse them comparatively. Reports on National Partnerships generally do not provide context that would allow us to assess progress in that the information is:

- reported against implementation plans that are not structured to allow for clear and comparative progress reporting
- not clearly linked to the agreed milestones or indicators contained in implementation plans.

We often do not have the information to report. We rely on timely annual reports on National Partnerships. However, for some National Agreements, we have not received annual reports for all of the National Partnerships this year. This is either because the dates for reporting do not align with the reporting timeframe under the National Agreement or the reports are not ready for release.

As a result of these concerns, we have recommended that COAG:

- note that, for some existing National Partnerships, we cannot link activities or government performance to the objectives of the related National Agreement
- agree that activities under future National Partnerships covered by National Agreements clearly link to the objectives of its related National Agreement (see page xiii).

What have we found this year?

Each year, the council will review the annual reports it receives on National Partnerships and report notable achievements or specific information that can be linked to the outcomes and objectives of the National Affordable Housing Agreement.

This year, the council is not reporting the large amount of information provided in the annual reports.

The one highlight from these reports was in Indigenous housing. To improve remote Indigenous housing, in 2010–11, 490 new houses and 2288 refurbishments were completed as part of the Remote Indigenous Housing National Partnership—exceeding the targets for 2010–11.

Appendix A. Reporting outputs

A.1 Introduction

Under the National Affordable Housing Agreement, we report on seven outputs that contribute to the Agreement's outcomes. Governments have developed measures for five of the seven outputs. The two outputs without measures are:

- number of zoned lots available for residential construction—this output requires data not currently available through a national data collection
- number of Indigenous households provided with safe and appropriate housing—this output may be redundant as two performance indicators in the Agreement provide information on the provision of adequate housing to Indigenous households. We have not reported on these two indicators in this report; Chapter 1 outlines the reasons for this.

Figure A.1 (next page) shows the outputs in the Agreement, arranged according to the outcomes to which they most directly contribute, and lists measures for each output.

To report on outputs relevant to the outcome 'Indigenous people have the same housing opportunities (in relation to homelessness services, housing rental, housing purchase and access to housing through an efficient and responsive housing market) as other Australians' we report on the other outputs discussed in this appendix as they apply to Indigenous people.

Box A.1 Considering outputs

In this appendix, we report on outputs for the last three years of data wherever possible and highlight change over that period.

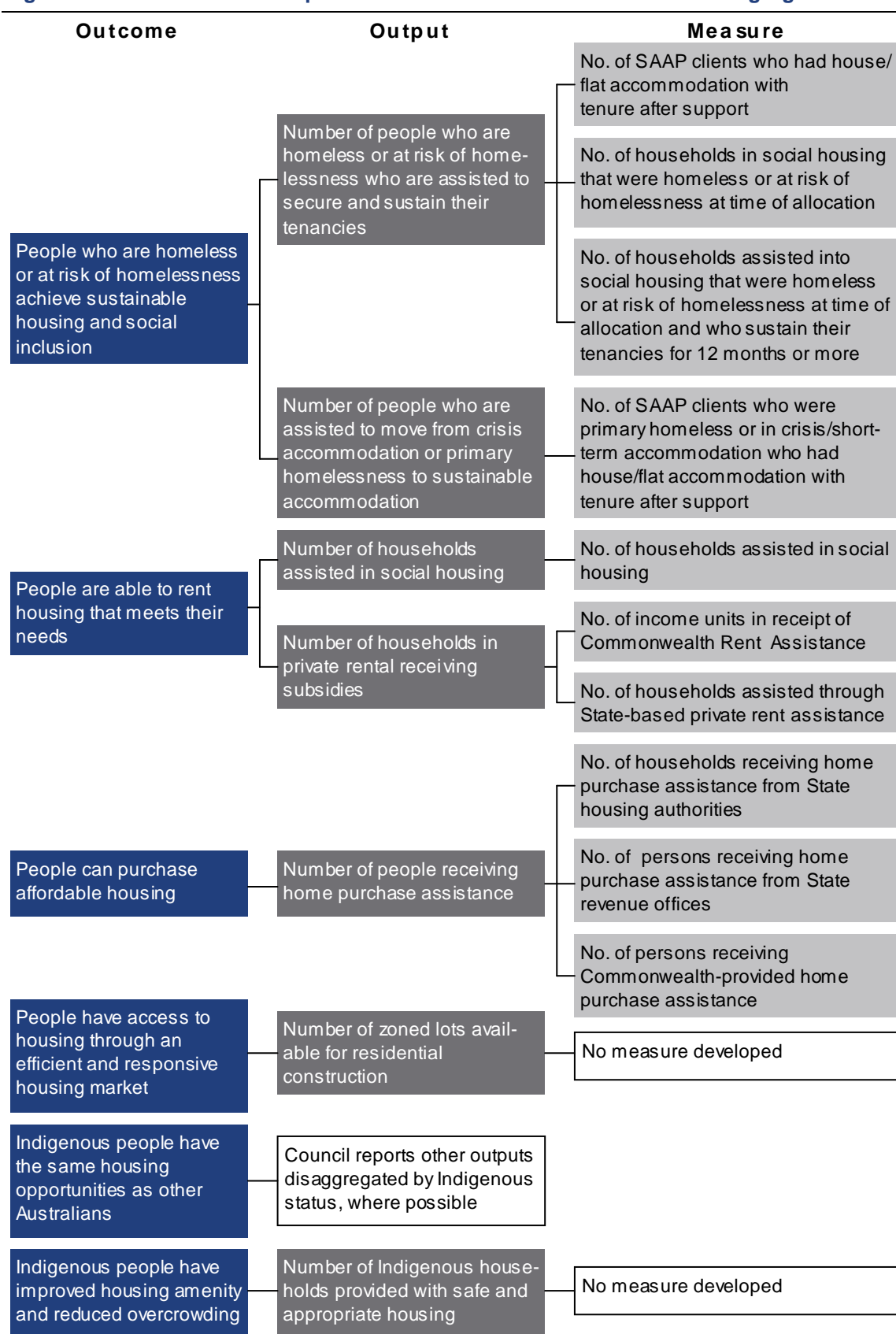
Readers should interpret the data cautiously. In most cases, we cannot comment whether an increase or decrease in the output constitutes progress toward an outcome. It is not clear whether differences between jurisdictions, or changes within a jurisdiction, arise from differences in underlying demand for or access to services, changes in the service mix, definitional differences or other reasons.

For example, we report the *number of households that were in greatest need when allocated with public housing*. An increase in this figure in a given jurisdiction could stem from a range of factors, including any or all of the following:

- a larger number of households qualifying as being in greatest need
- increased targeting of public housing towards such households
- more public housing generally.

In some cases, seemingly large percentage changes in outputs from year to year are based on small actual numbers.

Figure A.1 Structure of outputs listed in the National Affordable Housing Agreement



Source: COAG (2008) National Affordable Housing Agreement; SCRGS (2011, pp. 35–50).

We note that Victoria has advised it provides many specialist homelessness accommodation through the complementary Transitional Housing Management (THM) program, which collects data separately to the Supported Accommodation Assistance Program (SAAP) national data collection. THM data is not included in this report.

A.2 Outputs relating to homelessness

This section reports on the two outputs that contribute to the outcome ‘people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion’.

A.2.1 Output: people who are homeless or at risk of homelessness who are assisted to secure and sustain their tenancies

As there is no single data source for this output, the Steering Committee has provided three proxy measures.

Measure 1: SAAP clients and accompanying children who had house or flat accommodation with tenure after support

This proxy measure provides information on the number of former SAAP clients who:

- were living in a house or flat with tenure (such as purchasing or owning a home, private rental, public housing rental, rent-free accommodation or boarding) and
- did not present for further crisis, short or medium term accommodation support within 30 days of receiving the original support.

Nationally, in 2009–10, 107 138 former SAAP clients met these criteria (Table A.1). This was an increase of 11 179 clients (or 11.6%) since 2007–08.

The number of former SAAP clients achieving sustained tenancies increased in most States and Territories between 2007–08 and 2009–10.

Table A.1 Number of former SAAP clients living in a house or flat with tenure, and who had not presented for further accommodation support within 30 days, 2007–08 to 2009–10

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2007–08	24 437	29 101	14 879	10 182	9519	3114	1555	3172	95 959
2008–09	23 321	31 593	15 868	10 200	10 633	3157	1603	3268	99 643
2009–10	26 034	33 138	17 909	11 084	10 871	3020	1562	3520	107 138
Percentage change from 2007–08 to 2009–10									
%	6.5	13.9	20.4	8.9	14.2	-3.0	0.5	11.0	11.6

Notes:

1. See Table NAHA.a.1.1 in the statistical supplement for data.
2. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) SAAP Client Data 2009–10

Indigenous SAAP clients and accompanying children who had house or flat accommodation with tenure after support

Nationally, in 2009–10, there were 21 853 Indigenous persons—1899 more than in 2007–08—who had been SAAP clients, had found a house or flat with tenure, and had not presented for further SAAP support within 30 days of the original support period (Table A.2).

Table A.2 **Number of Indigenous SAAP clients and accompanying children who had house/flat accommodation with tenure after support, 2007–08 to 2009–10**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2007–08	5160	2201	3737	4235	1595	344	217	2465	19 954
2008–09	4981	2277	3925	3435	1877	341	267	2556	19 659
2009–10	5712	2262	4545	3930	2045	371	264	2724	21 853
Percentage change from 2007–08 to 2009–10									
%	10.7	2.8	21.6	-7.2	28.2	7.8	21.7	10.5	9.5

Notes:

1. See Table NAHA.a.1.2 in the statistical supplement for data.
2. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) SAAP Client Data 2009–10

Measure 2: households newly assisted into social housing that were homeless or at risk of homelessness at the time of allocation

As a proxy for identifying households that were homeless or at risk of homelessness when allocated with social housing, this measure applies the client classification of those who were 'in greatest need'. Households in the greatest need included households that:

- were homeless
- were at risk (life or safety) in their accommodation
- had a health condition that was aggravated by their housing
- had housing inappropriate to their needs
- had very high rental costs.

Data on this measure were available for public housing, community housing, and for state-owned and managed Indigenous housing.

Box A.2 Social housing defined

Social housing is rental housing provided by not-for-profit organisations, either government (public housing) or non-government (community housing). It includes:

- *Public housing*: dwellings owned (or leased) and managed by State and Territory housing authorities to provide affordable rental accommodation
- *Mainstream community housing*: rental housing provided for low to moderate income or special needs households, managed by community-based organisations that receive capital or recurrent subsidy from government (community housing models vary across jurisdictions and housing stock is owned by a variety of groups including government)
- *State-owned and managed Indigenous housing (SOMIH)*: dwellings owned and managed by State housing authorities that are allocated only to Indigenous households
- *Indigenous community housing*: dwellings owned, or leased, and managed by Indigenous Community Housing organisations and community councils.

Source: Steering Committee 2010, p. 35

Public housing

Nationally, 15 554 households in greatest need were allocated with public housing in 2010–11 (Table A.3). This was an increase of 1584 households, or 11.6%, since 2008–09.

Table A.3 Number of newly assisted households in public housing that were in the greatest need at the time of allocation, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	2942	2555	3914	1516	1219	830	561	151	13 688
2009–10	4084	2737	3407	1460	1805	873	496	208	15 070
2010–11	3740	2952	3329	1811	2042	886	582	212	15 554
Percentage change from 2008–09 to 2010–11									
%	27.1	15.5	-14.9	19.5	67.5	6.7	3.7	40.4	13.6

Notes:

1. See Table NAHA.a.2.1 in the statistical supplement for data.
 2. Data for previous years are available in the council's previous performance reports.
 3. Public housing for the Northern Territory is urban public housing only—remote public housing is excluded.
- Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2010–11 unit records

Mainstream community housing

Nationally, in 2010–11, 12 007 households in greatest need were allocated with mainstream community housing (Table A.4). This was an increase of 4579 since 2008–09.

Table A.4 Number of newly assisted households in community housing that were in the greatest need at the time of allocation, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	2268	1985	1237	1048	543	66	281	..	7 428
2009–10	3310	2075	1092	1177	166	78	205	..	8 103
2010–11	5516	1946	2633	1170	275	307	160	..	12 007
Percentage change from 2008–09 to 2010–11									
%	143.2	-2.0	112.9	11.6	-49.4	365.2	-43.1	..	61.6

Notes:

1. .. means not available.
2. See Table NAHA.a.2.1 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2010–11 unit records

Indigenous households in public housing

Nationally, during 2010–11, 2659 Indigenous households were classified as being in greatest need at the time they were allocated public housing (Table A.5).

This was an increase of 421 households, or 18.8%, on 2008–09. To compare all households (Indigenous and non-Indigenous), see Table A.3.

Table A.5 Number of Indigenous households that were in greatest need when allocated public housing, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	402	159	710	518	204	108	52	85	2238
2009–10	468	111	665	489	290	121	38	113	2295
2010–11	500	211	717	623	356	95	52	105	2659
Percentage change from 2008–09 to 2010–11									
%	24.4	32.7	1.0	20.3	74.5	-12.0	0.0	23.5	18.8

Notes:

1. Page 45 defines 'greatest need'.
2. See Table NAHA.a.2.3 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.
4. Public housing for the Northern Territory is urban public housing only—remote public housing is excluded.

Source: AIHW (unpublished) Analysis of AIHW National Housing Assistance Data Repository, 2008–09, 2009–10 and 2010–11 unit records.

Households in state-owned and managed Indigenous housing

Nationally in 2009–10, 554 households were in greatest need when allocated with accommodation in state-owned and managed Indigenous housing (Table A.6). This was 18 more households, or an increase of 3.4%, compared to 2008–09.

Table A.6 **Number of households that were in greatest need when allocated state-owned and managed Indigenous housing, 2008–09 to 2010–11**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	45	–	287	111	93	..	..	..	536
2009–10	125	–	238	107	123	..	..	..	593
2010–11	146	..	309	..	99	..	..	..	554
Percentage change from 2008–09 to 2010–11									
%	224.4	..	7.7	..	6.5	..	..	..	3.4

Notes:

1. – means nil or rounded to zero. .. means not applicable or available.
 2. Page 45 defines 'greatest need'.
 3. See Table NAHA.a.2.1 in the statistical supplement for data.
 4. Data for previous years are available in the council's previous performance reports.
- Source:* AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2008–09, 2009–10 and 2010–11 unit records.

Measure 3: households assisted into social housing that were homeless or at risk of homelessness at the time of allocation and that sustained their tenancies for 12 months or more

The third measure of the output focuses on whether households sustained tenure over a longer period. It is the number of households that were in greatest need when allocated with social housing, and who were able to sustain their tenancies for 12 months or more. For this measure, data are available for public housing tenants (discussed here) and state-owned and managed Indigenous housing (next page).

Across Australia in 2010–11, 12 722 households that were in greatest need when allocated public housing sustained their tenancies for 12 months or more (Table A.7). This was an increase of 2376 households (or 23%) since 2008–09.

Table A.7 Number of households in greatest need when allocated public housing and that sustained tenancies for 12 months or more, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	2621	2565	1623	1158	905	739	561	174	10 346
2009–10	2534	2206	3355	1340	922	638	524	137	11 656
2010–11	3504	2312	2885	1247	1433	698	462	181	12 722
Percentage change from 2008–09 to 2010–11									
%	33.7	-9.9	77.8	7.7	58.3	-5.5	-17.6	4.0	23.0

Notes:

1. Page 45 defines 'greatest need'.
2. See Table NAHA.a.3.1 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.
4. Victoria advised its changes were due to a smaller number of greatest need allocations; the proportion of allocations that sustained their tenancy has remained constant.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2010-11 unit records

Indigenous households assisted into social housing that were in greatest need at time of allocation and that sustained their tenancies for 12 months or more

For this measure—Indigenous households in greatest need when allocated social housing and that sustained their tenancies for 12 months or more—data are presented for public housing only.

Nationally in 2010–11, 1887 Indigenous households in greatest need when allocated public housing sustained their tenancies for 12 months or more (see Table A.8). This was an increase of 457 households, or 32%, since 2008–09.

Table A.8 **Number of Indigenous households in greatest need when allocated public housing and that sustained their tenancies for 12 months or more, 2008–09 to 2010–11**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	325	154	257	349	122	92	42	89	1430
2009–10	306	124	560	450	159	77	51	78	1805
2010–11	391	88	537	412	221	90	43	105	1887
Percentage change from 2008–09 to 2010–11									
%	20.3	-42.9	108.9	18.1	81.1	-2.2	2.4	18.0	32.0

Notes:

1. Page 45 defines 'greatest need'.
 2. See Table NAHA.a.3.3 in the statistical supplement for data.
 3. Data for previous years are available in the council's previous performance reports.
 4. Victoria advised its changes were due to a smaller number of greatest need allocations; the proportion of allocations that sustained their tenancy has remained constant.
 5. Public housing for the Northern Territory is urban public housing only—remote public housing is excluded.
- Source:* AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2008–09, 2009–10 and 2010–11 unit records.

A.2.2 Output: people who are assisted to move from crisis accommodation or primary homelessness to sustainable accommodation

The measure developed for this output is the number of former SAAP clients who were in primary homelessness (that is, they did not have conventional accommodation, for example people sleeping rough) or in crisis or short-term accommodation, and after receiving support:

- were living in a house or flat with tenure and
- did not present for further crisis, short or medium term accommodation support within 30 days of receiving the original support.

Nationally, in 2009–10, 38 775 former SAAP clients met these criteria (see Table A.9).

This was 399 fewer clients, a decrease of 1%, compared to 2007–08. State and Territory figures remained mostly stable with moderate changes in the numbers of SAAP clients who had moved from primary homelessness or crisis accommodation to tenured accommodation.

Table A.9 Number of SAAP clients and accompanying children who were primary homeless or in crisis or short-term accommodation who had a house or flat with tenure after support, 2007–08 to 2009–10

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2007–08	10 237	7534	8389	5890	3147	1426	778	1773	39 174
2008–09	9474	7167	8323	5099	3236	1523	797	1905	37 524
2009–10	10 268	6504	8891	5716	3121	1535	795	1945	38 775
Percentage change from 2007–08 to 2009–10									
%	0.3	-13.7	6.0	-3.0	-0.8	7.6	2.2	9.7	-1.0

Notes:

1. Does not include households that exited public housing into a sustainable private tenancy before 12 months had passed.
2. See Table NAHA.b.1 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.
4. We note data from Victoria's Transitional Housing Management program are not included in this table and therefore Victoria's performance against this output may be understated.

Source: AIHW (unpublished) SAAP Client Data 2009–10

Indigenous people who are assisted to move from crisis accommodation or primary homelessness to sustainable accommodation

Nationally, in 2009–10, 10 761 Indigenous persons who were in primary homelessness or in crisis accommodation moved into tenured accommodation after receiving SAAP support, representing a decline of 3.8% (see Table A.10). The corresponding measure for the general population decreased by 1% over the same period (see Table A.9).

Table A.10 Number of Indigenous SAAP clients who were primary homeless or in crisis or short-term accommodation and who moved into a house or flat with tenure after receiving SAAP support, 2007–08 to 2009–10

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2007-08	2461	614	2308	3303	821	190	101	1383	11 181
2008-09	2047	637	2268	2445	814	175	130	1551	10 067
2009–10	2254	519	2484	2769	783	207	125	1620	10 761
Percentage change from 2007–08 to 2009–10									
%	-8.4	-15.5	7.6	-16.2	-4.6	8.9	23.8	17.1	-3.8

Notes:

1. Includes the accompanying children of SAAP clients.
2. See Table NAHA.b.2 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.
4. We note data from Victoria's Transitional Housing Management program are not included in this table and therefore Victoria's performance against this output may be understated.

Source: AIHW (unpublished) SAAP Client Data 2009–10.

A.3 Outputs relating to rental affordability

This section reports on the outputs that contribute to the outcome, ‘people are able to rent housing that meets their needs’.

A.3.1 Output: households assisted in social housing

We report this output according to social housing type (Box A.2).

Households assisted in public housing

During 2010–11, 20 853 households in Australia were *newly* allocated with public housing (see Table A.11). This was 211 more households than in 2008–09—an increase of 1%.

The *total* number of households assisted in public housing was relatively stable—decreasing by 1.2% between 30 June 2009 and 30 June 2011 (see Table A.11).

Table A.11 Number of households assisted in public housing, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Number of households newly assisted									
2008–09	6109	3751	4110	2686	2077	879	614	416	20 642
2009–10	5817	3786	3877	2375	2240	918	556	455	20 024
2010–11	5653	4038	3614	2971	2548	921	639	469	20 853
Percentage change from 2008–09 to 2010–11 (newly assisted households)									
%	-7.5	7.7	-12.1	10.6	22.7	4.8	4.1	12.7	1.0
Total number of households in public housing as at 30 June									
2009	117 242	62 565	50 579	30 616	40 774	11 364	10 620	4976	328 736
2010	114 421	62 593	51 041	30 558	40 206	11 266	10 737	4904	325 726
2011	111 448	62 928	51 262	32 519	39 576	11 132	10 836	4907	324 908
Percentage change from 2009 to 2011 (total households)									
%	-4.9	0.6	1.4	6.2	-2.9	-2.0	2.0	-1.4	-1.2

Notes:

1. See Table NAHA.c.1 in the statistical supplement for data.
 2. Data for previous years are available in the council's previous performance reports.
 3. Public housing for the Northern Territory is urban public housing only—remote public housing is excluded.
- Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository 2010–11 unit records

Households assisted in mainstream community housing

During 2010–11, 16 767 households nationally were *newly* assisted into mainstream community housing—an increase of 6857 households or 69.2%. Overall, the mainstream community housing sector grew by 45.1% between 2009 and 2011 (see Table A.12).

Governments assisted more households into mainstream community housing in all States and Territories except for the ACT, which declined by 27.6% (see Table A.12).

Table A.12 Number of households assisted in mainstream community housing, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Number of households newly assisted									
2008–09	3 339	2 169	2 200	1 231	562	115	294	..	9 910
2009–10	4 728	3 769	2 162	1 568	276	98	233	..	12 834
2010–11	7 860	2 230	3 605	1 879	643	337	213	..	16 767
Percentage change from 2008–09 to 2010–11 (newly assisted)									
%	135.4	2.8	63.9	52.6	14.4	193.0	-27.6	..	69.2
Total number of households in community housing as at 30 June									
2009	16 639	7 556	5 610	2 650	4 329	406	643	..	37 833
2010	18 233	8 262	6 855	3 561	4 464	589	450	..	42 414
2011	24 298	10 225	9 647	4 945	4 557	635	604	..	54 911
Percentage change from 2009 to 2011 (total households)									
%	46.0	35.3	72.0	86.6	5.3	56.4	-6.1	..	45.1

Notes:

1. .. means not available.
2. See Table NAHA.c.1 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository 2010–11 unit records

Indigenous households in public housing

During 2010–11, 3655 Indigenous households across Australia were newly assisted into public housing compared to 3346 in 2008–09 and 3282 in 2009–10 (see Table A.13). In total, as at 30 June 2011, 29 089 Indigenous households across Australia were living in public housing, compared to 26 363 in 2010 and 25 115 in 2009.

Table A.13 Number of Indigenous households assisted in public housing, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Number of Indigenous households newly assisted									
2008–09	901	188	747	817	296	110	53	234	3346
2009–10	834	131	792	791	316	123	41	254	3282
2010–11	870	259	766	1 026	391	98	58	252	3655
Percentage change from 2008–09 to 2010–11 (newly assisted households)									
%	-3.4	37.8	2.5	25.6	32.1	-10.9	9.4	7.7	9.2
Total number of Indigenous households in public housing as at 30 June									
2009	9800	1396	4089	5254	1519	762	363	1932	25 115
2010	9800	1442	4590	5736	1592	809	432	1962	26 363
2011	9800	1588	4962	7711	1732	786	545	2034	29 089
Percentage change from 2009 to 2011 (total households)									
%	0.0	13.8	21.3	46.8	14.0	3.1	50.1	5.3	15.8

Notes:

1. See Table NAHA.c.4 in the statistical supplement for data.
2. Data for previous years are available in the council's previous performance reports.
3. Public housing for the Northern Territory is urban public housing only—remote public housing is excluded.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository 2010–11 unit records

Households in state-owned and managed Indigenous housing

Nationally, 948 households were newly assisted into state-owned and managed Indigenous housing during 2010–11 compared to 1064 households in 2009–10 and 1104 households in 2008–09 (see Table A.14). In total, 9564 households were living in state-owned and managed Indigenous housing as at 30 June 2011, compared to 11 451 in 2010 and 11 582 in 2009.

Table A.14 Number of households assisted in state-owned and managed Indigenous housing, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	Aust
Number of households newly assisted state-owned and managed Indigenous housing							
2008–09	302	–	331	297	138	36	1 104
2009–10	360	–	314	225	139	26	1 064
2010–11	467	..	330	..	117	34	948
Percentage change from 2008–09 to 2010–11 (newly assisted households)							
%	54.6	..	-0.3	..	-15.2	-5.6	-14.1
Total number of households in state-owned and managed Indigenous housing as at 30 June							
2009	4 083	198	3 048	2 152	1 758	343	11 582
2010	4 122	..	3 147	2 088	1 753	341	11 451
2011	4 233	..	3 243	..	1 749	339	9 564
Percentage change from 2008–09 to 2010–11 (total households)							
%	3.7	..	6.4	..	-0.5	-1.2	-17.4

Notes:

1. – means nil or rounded to zero and .. means not applicable.
2. In the ACT, Indigenous clients are housed through public housing. There are no SOMIH dwellings in the Northern Territory where Indigenous-specific housing programs are reported as Indigenous Community Housing. Victorian dwellings managed in the SOMIH program have been transferred to other programs—there were no SOMIH dwellings in Victoria at 30 June 2010.
3. See Table NAHA.c.1 in the statistical supplement for data.
4. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) Analysis of AIHW National Housing Assistance Data Repository, 2008–09 and 2009–10 unit records; AIHW (2010, 2011) Housing assistance tables.

Indigenous households in community housing

In 2010–11, 1302 Indigenous households were newly assisted into community housing compared with 649 in 2008–09 (see Table A.15).

NSW and Western Australia had relatively large increases in the numbers of Indigenous households newly assisted with community housing.

In total, as at 30 June 2011, an estimated 3288 Indigenous households were living in community housing in NSW, Queensland, Western Australia, South Australia, Tasmania and the ACT—an increase of 50.3% on 30 June 2009.

Table A.15 Number of Indigenous households assisted in community housing, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Number of Indigenous households newly assisted									
2008–09	267	np	284	98	np	np	np	..	649
2009–10	392	np	214	148	np	np	np	..	754
2010–11	820	np	284	138	25	25	10	..	1302
Percentage change from 2008–09 to 2010–11 (newly assisted households)									
%	207.1	np	0.0	40.8	..	..	..	..	100.6
Total number of Indigenous households in community housing as at 30 June									
2009	1280	np	640	174	66	np	28	..	2188
2010	1394	np	542	238	96	np	24	..	2294
2011	1928	np	866	339	100	21	34	..	3288
Percentage change from 2009 to 2011 (total households)									
%	50.6	np	35.3	94.8	51.5	..	21.4	..	50.3

Notes:

1. .. means not available, np means not published.
2. The council has not published the number of newly assisted households for 2008–09 for South Australia and the ACT, 2009–10 results for South Australia, and total numbers for Tasmania, due to the small number of households involved.
3. The council has not published data for Victoria due to data quality issues.
4. See Table NAHA.c.4 in the statistical supplement for data.
5. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) Analysis of AIHW National Housing Assistance Data Repository, 2008–09 and 2009–10 unit records; AIHW (2010) Public Rental Housing 2008–09.

Indigenous community housing

Nationally, on 30 June 2010, 19 096 dwellings were classified as Indigenous community housing compared to 23 279 in 2008 (see Table A.16).

Table A.16 Number of Indigenous community housing dwellings, 30 June 2008 to 30 June 2010

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008	4481	855	6231	3607	994	135	23	6953	23 279
2009	4429	1701	6192	3366	1031	135	24	3354	20 232
2010	4460	1792	5951	3276	1032	135	24	2426	19 096
Percentage change 2008 to 2010									
%	-0.5	109.6	-4.5	-9.2	3.8	0.0	4.3	-65.1	-18.0

Notes:

1. See Table NAHA.c.2 in the statistical supplement for data.
2. Data for previous years are available in the council's previous performance reports.
3. During 2008–09, approximately 4000 dwellings were transferred from Indigenous housing to remote public housing. These dwellings are not captured by the data collection.

Source: AIHW (2011) Housing Assistance in Australia 2011, AIHW, Canberra, Cat. No. HOU 236

A.3.2 Output: households in private rental receiving subsidies

We report this output, the number of households in private rental receiving subsidies, using two measures:

- the number of income units in receipt of Commonwealth rent assistance
- the number of households assisted through State-based private rent assistance.

Measure 1: income units in receipt of Commonwealth rent assistance

Nationally, as of 3 June 2011, around 1.14 million ‘income units’ (roughly equivalent to households) were receiving Commonwealth rent assistance—a non-taxable payment provided by the Commonwealth Government to help with the cost of private rental housing (Steering Committee 2011, p. 16.13).

In 2011, 99 863 more income units were receiving Commonwealth rent assistance than in 2009—an increase of 9.6% (see Table A.17). This grew for all States and Territories.

Table A.17 Number of income units receiving Commonwealth rent assistance, by State and Territory, 5 June 2009, 4 June 2010 and 3 June 2011

Year	NSW	VIC	QLD	WA	SA	Tas	ACT	NT	Aus
2009	353 939	230 738	254 994	83 118	75 647	26 307	8 147	5 176	1 038 137
2010	374 031	244 335	275 151	89 326	80 261	27 740	8 887	5 351	1 105 154
2011	384 764	251 718	284 256	90 176	83 289	28 673	np	5 575	1 138 000
Percentage change from 2009 to 2011									
%	8.7	9.1	11.5	8.5	10.1	9.0	np	7.7	9.6

Notes:

1. np means not published
 2. See Table NAHA.d.1 in the statistical supplement for data.
 3. Data for previous years are available in the council's previous performance reports.
- Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository 2010–11 unit records

Indigenous households receiving Commonwealth rent assistance

Nationally on 3 June 2011, 46 230 Indigenous ‘income units’ (or households) were receiving Commonwealth rent assistance, compared to 37 181 on 5 June 2009 and 42 797 on 4 June 2010 (Table A.18). The increase was reflected in all States and Territories.

Table A.18 Number of Indigenous income units receiving Commonwealth rent assistance, as at 5 June 2009, 4 June 2010 and 3 June 2011

Year	NSW	VIC	QLD	WA	SA	Tas	ACT	NT	Aus
2009	14 710	3206	12 381	2717	1789	1297	152	918	37 181
2010	17 358	3549	14 220	3101	2025	1392	187	951	42 797
2011	18 937	3862	15 230	3179	2160	1556	213	1059	46 230
Percentage change from 2009 to 2010									
%	28.7	20.5	23.0	17.0	20.7	20.0	40.1	15.4	24.3

Notes:

1. See Table NAHA.d.2 in the statistical supplement for data.
 2. Data for previous years are available in the council's previous performance reports.
- Source: FaHCSIA (unpublished) The Australian Government Housing Data Set

Measure 2: households assisted through State-based private rent assistance

In addition to Commonwealth rent assistance, households in the private rental market may also be eligible for various types of assistance from States or Territories. Table A.19 provides information on the number of households receiving this assistance in each State and Territory.

Table A.19 Number of households receiving State-based private rent assistance, by State and Territory, by program type, 2009–10 and 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Bond loans								
2009–10	20 149	10 245	18 198	7879	14 931	1710	121	207
2010–11	19 010	10 625	21 816	8441	17 270	3476	218	245
Rental grants, subsidies and relief								
2009–10	17 102	26 450	1474	..	16 249	3059	..	..
2010–11	17 289	18 133	2863	..	18 773	3028	..	2
Relocation expenses								
2009–10	..	1329	..	..	..	239	..	..
2010–11	..	833	..	..	..	95	..	..
Other								
2009–10	14 277	793	..	..	..	235	..	..
2010–11	15 987	894	..	..	..	325	..	..

Notes:

1. .. means not applicable.
2. See Table NAHA.d.3 in the statistical supplement for data.
3. Data for previous years are available in the council's previous performance reports.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository 2010–11 unit records

A.4 Outputs relating to home purchase affordability

This section reports on the outcome ‘the number of people receiving home purchase assistance’. We measure this in three ways:

- number of households receiving home purchase assistance from State housing authorities
- number of persons receiving home purchase assistance from State revenue offices
- number of persons receiving Commonwealth-provided home purchase assistance.

We do not have data for these measures disaggregated for Indigenous people.

Measure 1: persons receiving home purchase assistance from State revenue offices

This measure refers to the First Home Owner Scheme grant and First Home Owner Boost.

Governments introduced the First Home Owner Scheme grant on 1 July 2000 to offset the effect of the goods and services tax on home ownership. It is a national scheme funded by the States and Territories and administered under their own legislation. Under the scheme, a one-off grant of up to \$7000 is payable to first home owners who satisfy the eligibility criteria.

Table A.20 shows the number of persons in each jurisdiction who received these payments between 2007–08 and 2010–11. Following a peak in 2008–09 when 179 213 First Home Owner Scheme grants were provided, there were only 103 598 recipients in 2010–11.

Table A.20 Number of persons receiving home purchase assistance from State revenue offices, by State and Territory, 2007–08 to 2010–11

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
First Home Owner Scheme grant									
2007–08	46 800	40 015	28 671	15 887	9762	2825	2372	1197	147 529
2008–09	59 490	44 051	34 465	20 491	12 523	3951	2867	1375	179 213
2009–10	51 912	49 108	27 609	21 556	10 944	3106	3304	1023	168 562
2010–11	32 512	30 683	15 870	12 584	6567	2016	2623	743	103 598

Notes:

1. See Table NAHA e.2 in the statistical supplement for data.
2. Data for previous years are available in the council's previous performance reports.

Source: Commonwealth Treasury (unpublished) sourced from State and Territory Revenue Office data.

The Commonwealth funded the First Home Owner Boost Scheme and applied it to contracts to purchase or build a home entered into between 14 October 2008 and 31 December 2009.

Table A.21 shows the number of persons in each jurisdiction who received these payments during 2009–10 and 2010–11.

Table A.21 Number of persons receiving the First Home Owner Boost, by State and Territory, 2008–09 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2008–09	65 217	44 304	37 445	21 147	13 296	4162	3069	1410	190 050
2009–10	41 660	42 040	22 256	18 294	8884	2494	2606	789	139 023
2010–11	2506	7365	1110	1450	708	221	690	47	14 097

Notes:

1. See Table NAHA e.2 in the statistical supplement for data.
 2. Data for previous years are available in the council's previous performance reports.
- Source: Commonwealth Treasury (unpublished) sourced from State and Territory Revenue Office data.

Measure 2: households receiving home purchase assistance from State housing authorities

In addition to the First Home Owners Scheme grant and Boost, State and Territory governments may choose to provide other assistance to first home buyers, including grants, direct lending, deposit assistance, interest rate subsidies, mortgage payment relief and advice and counselling.

Table A.22 shows the number of households receiving assistance in each State and Territory.

Table A.22 Number of households receiving home purchase assistance from State housing authorities, by State and Territory, 2009–10 and 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Direct lending								
2009–10	588	1 602	1 713	19 512	15 009	153	..	1 109
2010–11	473	1 291	1 991	2 234	15 158	..	..	1 059
Interest rate assistance								
2009–10	..	..	..	..	3 084	..	..	..
2010–11	..	..	..	16 858	3 070	..	..	..
Other								
2009–10	515	289	77	..	..	393	22	144
2010–11	474	277	152	324	..	70	23	606

Notes:

1. .. means not applicable.
 2. See Table NAHA e.1 in the statistical supplement for data and technical notes.
 3. Data for previous years are available in the council's previous performance reports.
- Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2010–11

Appendix B. Contextual factors

Each year we highlight the key contextual differences between States and Territories that are relevant to understanding performance information. These contextual factors are relevant when considering relative performance between and within States and Territories.

Table B.1 outlines contextual differences in populations and Table B.2 provides a summary of economic contextual factors relevant to performance.

Table B.1 Key contextual factors, by State and Territory

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Proportion of Australian population, 2010 (%)	32.4	24.8	20.2	10.3	7.3	2.3	1.6	1.0	100
Annual population growth, 2009 to 2010 (%)	1.1	1.6	1.7	2.1	1.0	0.8	2.0	0.9	1.5
Population in remote areas, 2010 (%)	0.5	0.1	1.9	4.3	2.8	1.5	..	21.2	1.5
Population in very remote areas, 2010 (%)	0.1	0.0	1.1	2.2	0.9	0.5	..	22.8	0.8
Population in most disadvantaged socio-economic quintile, 2006 (%)	20.9	16.2	17.2	13.7	24.3	31.7	1.8	29.7	18.6
Indigenous population									
Number, 2010 ('000)	165	37	161	76	30	20	5	69	563
Proportion of total population, 2010 (%)	2.3	0.7	3.6	3.3	1.8	4.0	1.3	29.9	2.5
Proportion in remote and very remote areas, 2006 (%)	5.2	np	22.2	42.6	18.7	3.6	..	79.8	24.6
Other factors									
Proportion of population 65 years or older, 2010 (%)	14.2	13.8	12.7	12.2	15.8	15.8	10.5	5.7	13.6
Proportion of population aged less than 65 years with a disability, 2009 (%)	13.2	12.5	12.9	13.1	14.5	16.6	12.5	13.2	13.1

Notes:

1. .. means not applicable.
2. Data relate to multiple years and report the most timely data available.
3. See Volume 2, Tables AA.1, AA.3, AA.10, AA.28, AA.15, AA.16, AA.1, AA.8 for data.

Source: ABS (unpublished) Australian Demographic Statistics; ABS (various years) Population by Age and Sex, Australian States and Territories; ABS (2010) Regional Population Growth, Australia, 2009-10; ABS (2008) 2006 Socio-economic indexes for Areas; ABS (2009) Experimental Estimates and projections, Indigenous Australians, 1991 to 2021; ABS (unpublished) Experimental Estimates of Aboriginal and Torres Strait Islander Australians, June 2006; ABS (unpublished) Survey of Disability, Ageing and Carers, 2009.

Table B.2 Key contextual factors, by State and Territory

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Growth in gross state product (%)	0.4	0.1	-0.1	12.7	0.7	-0.9	-0.4	0.3	1.9
Unemployment rate (%)	5.2	4.5	5.1	4.2	4.7	5.0	4.0	3.4	4.8
Building approvals ('000)	33	60	27	21	11	3	6	1	163
Building commencements ('000)	30	59	26	21	11	3	5	1	156
Building completions ('000)	31	51	30	24	12	3	4	1	156

Notes:

1. Data on growth in gross state product, building approvals, building commencements and building completions are for the year to 30 June 2011, Data on the unemployment rate are for June 2011.
2. See Volume 2, Tables AA.47, AA.43, CI.1 for data.

Source: ABS (2011) Australian National Accounts, State Accounts, 2010-11; ABS (2011) Labour Force, Australia, Detailed - Electronic Delivery, June 2011; ABS (2011) Building Approvals; ABS (2011) Building Activity, Australia.

Appendix C. Treatment of data issues

This section provides an overview of key data issues which arise in the reporting of performance data for the National Affordable Housing Agreement. Detailed information on each performance indicator and related data quality statements are provided in the statistical supplement.

C.1 Data collections

Multiple data collections provide the performance data for the outcomes under the National Affordable Housing Agreement. The main data sources for the comparative analysis and their frequency of collection are shown in Table C.1.

Table C.1 Data availability for performance indicators

Performance indicator	Data source	Reporting cycle
Outcome: people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion		
Proportion of Australians who are homeless	Census, Supported Accommodation Assistance Program (SAAP) client data, National Census of Homeless School Students	Every five years—next data available in 2013 (methodology is under review—some future data sources may change)
Proportion of people experiencing repeat periods of homelessness	No current source of data	Not applicable
<ul style="list-style-type: none"> <i>Proxy measure:</i> proportion of SAAP clients who had an identified need for accommodation more than once in 12 months 	SAAP client data	Annual
Outcome: people are able to rent housing that meets their needs		
Proportion of low-income households in rental stress	Survey of Income and Housing	Every two years—data available this year
<ul style="list-style-type: none"> <i>Supplementary measure:</i> proportion of low-income households in social housing and in rental stress 	Social housing data	Annual
Outcome: people can purchase affordable housing		
Proportion of homes built or sold that are affordable by low and moderate income households	Survey of Income and Housing, valuer-general sales data	Annual (income data projected for inter-survey years)
Proportion of Australian households owning or purchasing a home	Survey of Income and Housing	Every two years—data available this year
<i>Supplementary indicator:</i> proportion of low-income households in mortgage stress	Survey of Income and Housing	Every two years—data available this year

Performance indicator	Data source	Reporting cycle
Outcome: people have access to housing through an efficient and responsive housing market		
<i>Interim indicator:</i> estimated cumulative gap between underlying demand for housing and housing supply, as a proportion of the increase in underlying demand	ABS Building Activity survey, National Housing Supply Council projections	Annual
Outcome: Indigenous people have the same housing opportunities as other Australians		
Proportion of Indigenous households owning or purchasing a home	National Aboriginal and Torres Strait Islander Social Survey (NATSISS) or National Aboriginal and Torres Strait Islander Health Survey (NATSIHS)	Every three years—next data available in 2013
<i>Indigenous disaggregations of:</i>		
<ul style="list-style-type: none"> Proportion of Australians who are homeless 	Census, SAAP client data, National Census of Homeless School Students	Every five years—next data available in 2013
<ul style="list-style-type: none"> <i>Proxy measure:</i> Proportion of SAAP clients who had an identified need for accommodation more than once in 12 months 	SAAP client data	Annual
<ul style="list-style-type: none"> Proportion of low-income households in rental stress 	NATSIHS or NATSISS	Every three years—next data available in 2013
<ul style="list-style-type: none"> <i>Supplementary measure:</i> Proportion of low-income households in social housing and in rental stress 	Social housing data	Annual
<ul style="list-style-type: none"> Proportion of homes sold or built that are affordable by low and moderate income households 	NATSIHS or NATSISS, valuer-general sales data	Every three years—next data available in 2013
<ul style="list-style-type: none"> Proportion of low-income households in mortgage stress 	NATSIHS or NATSISS	Every three years—next data available in 2013
Outcome: Indigenous people improved housing amenity and reduced overcrowding		
Proportion of Indigenous households living in overcrowded conditions	NATSIHS or NATSISS	Every three years—next data available in 2013
<ul style="list-style-type: none"> <i>Supplementary measure:</i> proportion of Indigenous households living in social housing in overcrowded conditions 	Social housing data	Annual
Proportion of Indigenous households living in houses of an acceptable standard	NATSIHS or NATSISS	Every three years—next data available in 2013

C.2 Statistical error

Where possible, the council reports statistical error in the form of confidence intervals and relative standard errors.

Small numbers

Some data collections in this report are based on small numbers. For sample surveys, the smaller the estimate, the higher the relative standard error. This particularly affects small States and Territories and small populations, such as Indigenous Australians.

The report notes when data are based on small numbers with an appropriate caveat. Some data may also be rounded or suppressed due to small numbers.

Confidence intervals

Confidence intervals are used to describe the probability that the true value falls within a certain range of survey estimates. The confidence interval is reported at the 95% level. This means there is a 95% chance the true value of the data item falls within plus or minus 1.96 times the standard error of the estimate. For example, if the estimate is 80 and the standard error is one, the confidence interval is ± 1.96 —meaning there is a 95% chance the true value lies between 78.04 and 81.96.

Confidence intervals can be graphically represented on charts. Our charts include confidence intervals where possible.

Relative standard errors

Relative standard error is the ratio of the standard error to the size of the estimate. This means that the size of errors in a sample survey can be compared within and between surveys, particularly for small States and Territories and small disaggregations such as Indigenous status. The council's treatment of relative standard errors is consistent with the ABS standard:

- generally, data with a relative standard error of less than 25% are considered to be of acceptable quality
- data with a relative standard error between 25% and 50% should be treated with caution
- data with a relative standard error greater than 50% are considered too unreliable for general use.

C.3 Significance testing

Where possible, analyses of differences have been tested for statistical significance. This includes comparing data for a State/Territory with Australia and comparing data for a State/Territory over time.

When confidence intervals do not overlap, the difference between data points is always statistically significant. In general, when confidence intervals overlap, there is unlikely to be a statistically significant difference between data points. However, this should be confirmed by performing a statistical test.

The COAG Reform Council contracts the ABS to conduct two types of statistical tests.

7. When conducting significance testing for change over time, the ABS apply a standard significance test based on independent samples.
8. When conducting significance testing within the one year between a jurisdiction and the national average, the ABS apply an alternative significance test based on dependent samples. These dependent samples factor in the effect of the co-variance between the estimates of the jurisdiction and Australia. Large jurisdictions, such as NSW, have a greater contribution to the national average—accounting for this in the significance test improves the quality of the testing.

The word ‘significant’

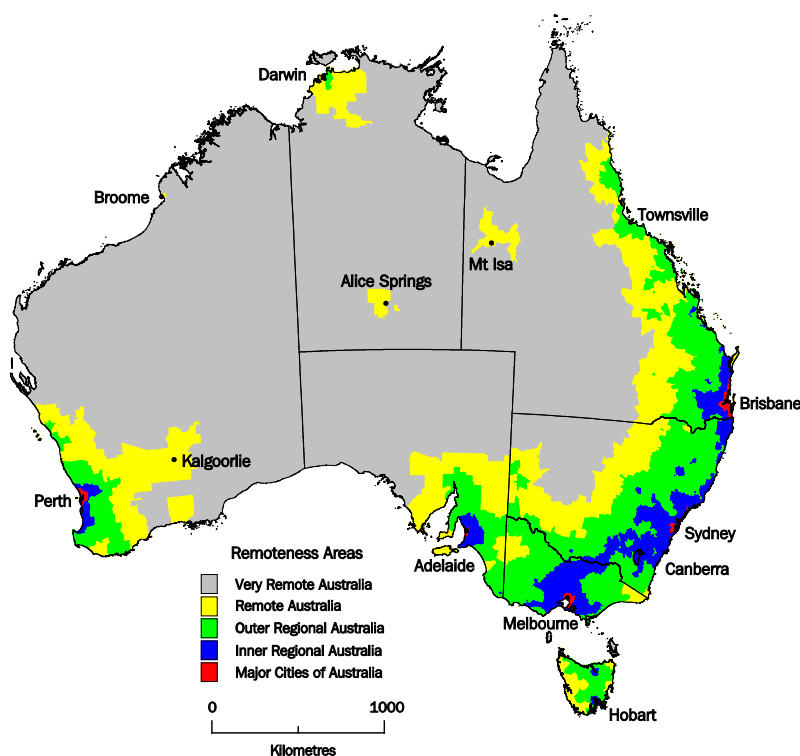
Statistically significant differences, for example between jurisdictions or over time, are denoted as ‘significant’. We do not use the word ‘significant’ outside its statistical context.

Words such as ‘higher’, ‘lower’, ‘increase’ or ‘decrease’ without qualification do not denote statistical significance.

C.4 Geographic location

Geographical areas are classified as major cities, inner regional, outer regional, remote or very remote according to the ABS Australian Standard Geographic Classification Remoteness Areas system. Remoteness areas for Australia are shown in Figure D.1.

Figure C.1 Remoteness areas in Australia, 2008



Source: ABS (2008) Australian Social Trends, 2008.

Exclusion of very remote areas from the Survey of Income and Housing

The Survey of Income and Housing collects information on private dwellings in all areas of Australia other than very remote areas. The exclusion of very remote areas relates to a small proportion of the Australian population overall (0.8%), but is more material for the Northern Territory, where such households account for about 23% of the population. The next highest State or Territory was Western Australia, with 2.2%.

C.5 Home purchase affordability chapter

How affordable house prices are calculated

To calculate home purchase affordability for low income households, the indicator starts by calculating the equivalised disposable household income of households on the 40th percentile of income distribution (where the first percentile is the lowest income and the 100th percentile the highest)—that is, it looks at the income of households at the very top bracket of the low income category. It then estimates the gross income for these low income households.

To calculate affordability for moderate income households, the indicator calculates the equivalised disposable incomes for households around the 60th percentile. Again, it looks at the income of households at the very top of the moderate income category, and estimates their gross household incomes. Table C.2 shows the incomes for low and moderate income households by capital city.

Box C.1 Calculating income levels for years when new data is not available

Income levels are based on the ABS's two-yearly Survey of Income and Housing. For the years when the survey data are not available, the ABS projects the income levels by using the Static Incomes Model (STINMOD), developed by the University of Canberra and widely used across the Commonwealth Government.

Due to the length of time between the collection of the Survey of Income and Housing and the publication of its results, last year's report used income levels for 2009–10 based on STINMOD projections from the ABS's 2007–08 survey.

Since the survey data from the 2009–10 Survey of Income and Housing are now available, the income levels for this period have been revised. This means the results from last year's reports have also changed—substantially in some cases. Due to updates in STINMOD, projected income data from 2008–09 were also updated.

The income levels on which we base this year's calculations are also determined using the STINMOD method. While the ABS did not conduct a Survey of Income and Housing in 2010–11, this year's results may be subject to revisions due to updates for STINMOD.

Once the income levels are determined, the indicator calculates 30% of the weekly gross household income. This determines affordable weekly mortgage repayments. Then, based on the average annual standard variable interest rate for the period (using Reserve Bank data, see Table C.3), and an assumed mortgage term of 25 years, the indicator calculates an affordable mortgage.

To determine an affordable house price, the indicator adds an assumed deposit of 10% to the affordable mortgage.

Once the affordable house price is determined, the indicator looks at all home sales over the relevant period for each area and calculates the proportion of these home sales that were affordable to low and moderate income households.

Table C.2 Gross weekly household income and affordable home price, by State and Territory, by location, from 2007–08 to 2010–11

Low-income households								
	Gross weekly household income (\$)				Affordable home price (\$)			
Capital city	2007–08	2008–09	2009–10	2010–11	2007–08	2008–09	2009–10	2010–11
Sydney	1123	1181	1186	1190	196 711	235 394	252 610	229 132
Melbourne	1040	1086	1291	1287	182 169	216 458	274 859	247 921
Brisbane	1249	1303	1102	1137	218 747	259 597	234 729	219 005
Perth	1053	1105	1133	1178	184 464	220 151	241 193	226 803
Adelaide	879	929	1269	1294	153 843	185 181	270 140	249 161
Hobart	793	828	1022	1000	138 910	165 120	217 571	192 647
Canberra	1752	1796	1865	1908	306 784	357 860	397 192	367 425
Darwin	1704	1747	1393	1425	298 412	348 095	296 636	274 405
Balance of State	2007–08	2008–09	2009–10	2010–11	2007–08	2008–09	2009–10	2010–11
NSW	741	759	739	730	129 794	151 196	157 433	140 565
Victoria	1044	1067	797	803	182 820	212 716	169 679	154 661
Queensland	1220	1271	818	822	213 719	253 411	174 151	158 327
Western Australia	1142	1184	1182	1164	199 898	235 886	251 682	224 216
South Australia	613	640	708	711	107 269	127 619	150 691	136 918
Tasmania	704	710	858	847	123 273	141 411	182 725	163 198
Moderate-income households								
	Gross weekly household income (\$)				Affordable home price (\$)			
Capital city	2007–08	2008–09	2009–10	2010–11	2007–08	2008–09	2009–10	2010–11
Sydney	1914	2004	2006	2012	335 123	399 423	427 110	387 413
Melbourne	1895	2004	1834	1829	331 766	399 386	390 498	352 227
Brisbane	1545	1624	1727	1782	270 614	323 768	367 708	343 076
Perth	1525	1595	1848	1921	267 023	317 831	393 412	369 940
Adelaide	1596	1703	1470	1499	279 519	339 322	313 021	288 713
Hobart	1291	1384	1037	1016	225 992	275 784	220 863	195 562
Canberra	2047	2146	2080	2127	358 408	427 624	442 818	409 630
Darwin	1966	2061	2719	2781	344 211	410 686	579 021	535 626
Balance of State	2007–08	2008–09	2009–10	2010–11	2007–08	2008–09	2009–10	2010–11
NSW	1337	1384	1713	1691	234 103	275 824	364 729	325 652
Victoria	1272	1311	1568	1580	222 671	261 238	333 889	304 336
Queensland	1534	1611	1174	1180	268 554	320 998	250 015	227 298
Western Australia	1408	1484	1896	1868	246 596	295 762	403 734	359 674
South Australia	1158	1201	1295	1301	202 855	239 283	275 795	250 586
Tasmania	1140	1188	1251	1235	199 706	236 728	266 303	237 843

Notes:

1. Gross household income is weekly and rounded to the nearest dollar.
2. See statistical supplement, Table NAHA.CI.4, for data and technical notes.

3. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing data 2007–08 and 2009–10.

Table C.3 Average annual interest rates, 2007–08 to 2010–11

2007–08	2008–09	2009–10	2010–11
8.79%	7.28%	6.55%	7.67%

Source: RBA (2012) F5 Indicator Lending Rates

Differences between the 2007–08 and 2009–10 income estimates

As we discuss in Chapter 3, there are some substantial differences in the income estimates from the 2009–10 Survey of Income and Housing compared to the 2007–08 results (see Figure C.2).

To summarise, the reason for the differences is that the income estimates are based on surveys conducted in 2007–08 and 2009–10 (the other years are projections based on these estimates). Due to a technique known as equivalisation, the estimates are sensitive to changes in household income and composition. As a result we have seen some major differences in the income estimates. For example, the ABS income estimates for low income households in Adelaide increased 44% between 2007–08 and 2009–10—for low income households in Queensland (excluding Brisbane), they fell by around one third.

These differences in income estimates have led, in some cases, to dramatic differences in the results for this indicator for some jurisdictions. Since these differences are due to statistical methods rather than ‘real world’ events, we have excluded the data from the earlier years.

ABS advice on comparing income estimates for 2007–08 and 2009–10

The income threshold data should not be interpreted as actual movements in gross household income. Movements in actual gross household income will almost always be different to the movements in gross household income thresholds calculated for this indicator.

Table C.4 Actual gross household income movements at the 60th percentile, by State and Territory, 2007–08 and 2009–10

Gross household income	2007–08	2009–10	Percentage change
NSW	\$1 669	\$1 696	2%
Victoria	\$1 659	\$1 568	-5%
Queensland	\$1 669	\$1 640	-2%
Western Australia	\$1 811	\$1 786	-1%
South Australia	\$1 457	\$1 450	0%
Tasmania	\$1 250	\$1 282	3%
ACT	\$2 258	\$2 395	6%
Northern Territory	\$2 021	\$2 013	0%

Source: ABS Detailed income tables, Catalogue 6523.0

Table C.5 Gross household income movements, calculated using the mean of households at the 59th–61st percentile of equivalised disposable household income, by capital city, 2007–08 to 2009–10

Gross household income	2007–08	2009–10	Percentage change
Sydney	\$1 914	\$2 006	5%
Melbourne	\$1 895	\$1 834	-3%
Brisbane	\$1 545	\$1 727	12%
Perth	\$1 525	\$1 848	21%
Adelaide	\$1 596	\$1 470	-8%
Hobart	\$1 291	\$1 037	-20%
Canberra	\$2 047	\$2 080	2%
Darwin	\$1 966	\$2 719	38%

Source: ABS (unpublished) Survey of Income and Housing

The calculation of the income threshold relies on defining low and moderate income households using the equivalised disposable household income (EDHI) distribution. EDHI is the relevant income measure for determining who are relatively less well off since it addresses income taxes paid and the differential needs to be met from households of differing size and composition. However, in assessing home purchase affordability it is the gross household income that is the appropriate measure, with homes assessed to be affordable when the household spends no more than 30% of their gross household income on mortgage payments (including both capital and interest repayments).

The [home purchase affordability] indicator uses the median gross household incomes of households between the 39th and 41st (low) and 59th and 61st (moderate) percentiles of the EDHI distribution. So the gross household income thresholds do not reflect the distribution of gross household income from the households surveyed and therefore will not move like actual income movements at a particular point in the gross household income distribution.

Rather, the thresholds will reflect the gross household incomes of households at those points in the EDHI distribution, and this will change over time depending on the types of households represented at those points in any given year, which is also significantly affected by the changing shape of the income distribution at different points along the distribution.

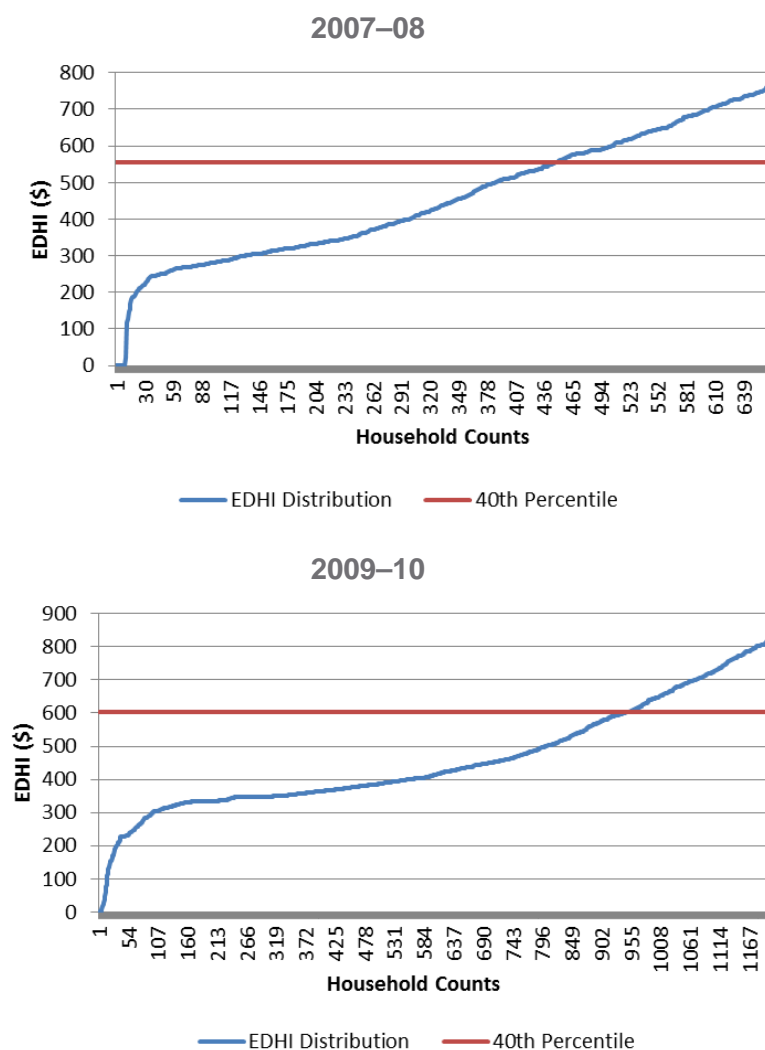
In non-survey years, the only information we have to move the thresholds is the movements of gross household income using STINMOD [static income model].

The two graphs below of EDHI for Adelaide (Figure C.2) show how the shape of the distribution affects the outcome of the affordability income level, regardless of whether a sample or a Census is conducted. [Figure C.2, bottom graph] shows 2009–10 Adelaide EDHI which accelerates rapidly towards the 40th percentile at \$602. [Figure C.2, top] is the graph for 2007–08 where the rise to the 40th (\$555) is more gentle. These changes in shape directly impact on the rates of change in the gross incomes as well.

For Adelaide in total across the whole distribution, mean gross incomes rose 7.7% but median incomes rose 11.9% indicating the changing shape across the whole distribution. Similarly, while the implied equivalence factor for mean incomes was 1.89 and 1.88 (ie little change in average household size/composition staying at 2.4 persons) for medians the factor rose from 1.65 in 2007–08 to 1.73 2009–10, showing the aspect of a changing distribution in settling on a different group of households at particular points.

When we move to particular parts of the distribution, for the 60th the implied factor falls from 2.36 in 2007–08 to 2.00 in 2009–10, but rises from 1.58 to 2.10 for the 40th. That is, the shape of the distribution delivers a very strong rise due to a different household grouping (in the real world) around the 40th.

Figure C.2 Adelaide Equivalised Disposable Household Income Distribution, below the 61st percentile, 2007–08 and 2009–10

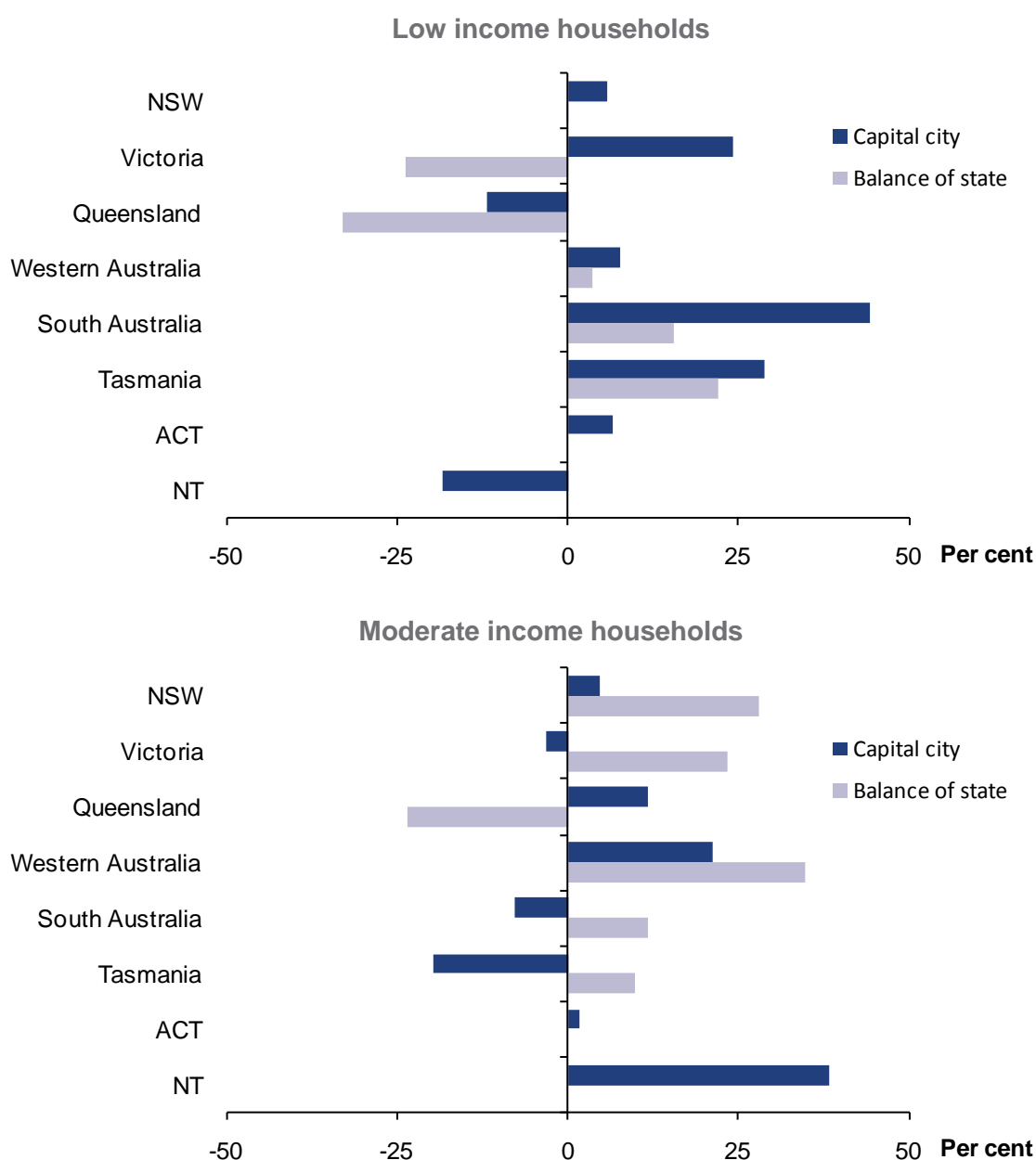


Source: Survey of Income and Housing, 2007–08 and 2009–10 (unpublished)

In terms of the derived income threshold, a methodology has yet to be developed that calculates a sample error for median gross household income for all households in the EDHI percentile ranges.

However, new methodological work in relation to this problem has been initiated. However, it is irrelevant for the volatility driven by changing income distributions seen in the real world.

Figure C.3 Percentage change in gross equivalised household incomes, 2007–08 to 2009–10



Notes:

1. See statistical supplement, Table NAHA.CI.4, for data and technical notes.
 2. Data for previous years are available in the council's previous performance reports.
- Source: ABS (unpublished) Analysis of Survey of Income and Housing data 2007–08 and 2009–10.

Revisions from our 2009–10 report

As we explain in Box C.1, the incomes we used in last year's report for 2009–10 have been revised. Last year we used ABS projections for the 2009–10 incomes data, which were based on income estimates derived from the 2007–08 Survey of Income and Housing. This year we have income estimates—rather than projections—which are derived from the 2009–10 Survey of Income and Housing.

As we note above, there were large differences (for some States and Territories) between the income estimates for 2007–08 and 2009–10. This means there were also large differences between the incomes projected for 2009–10 (based on the 2007–08 income estimates) and the incomes estimated for 2009–10. Table C.6 shows the difference between projected incomes and estimated incomes for moderate income households.

Table C.6 **Difference between projected gross household income and estimated gross household income, moderate income households, 2009–10**

Category	2009–10 projected income	2009–10 estimated income	Difference
Sydney	\$2136	\$2006	-\$130
Melbourne	\$2011	\$1834	\$177
Brisbane	\$1647	\$1727	\$80
Perth	\$1611	\$1848	\$237
Adelaide	\$1778	\$1470	-\$308
Hobart	\$1466	\$1037	-\$429
Canberra	\$2229	\$2080	-\$149
Darwin	\$2141	\$2719	\$578

Notes:

1. See statistical supplement, Table NAHA.CI.4, for data and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing data 2007–08 and 2009–10.

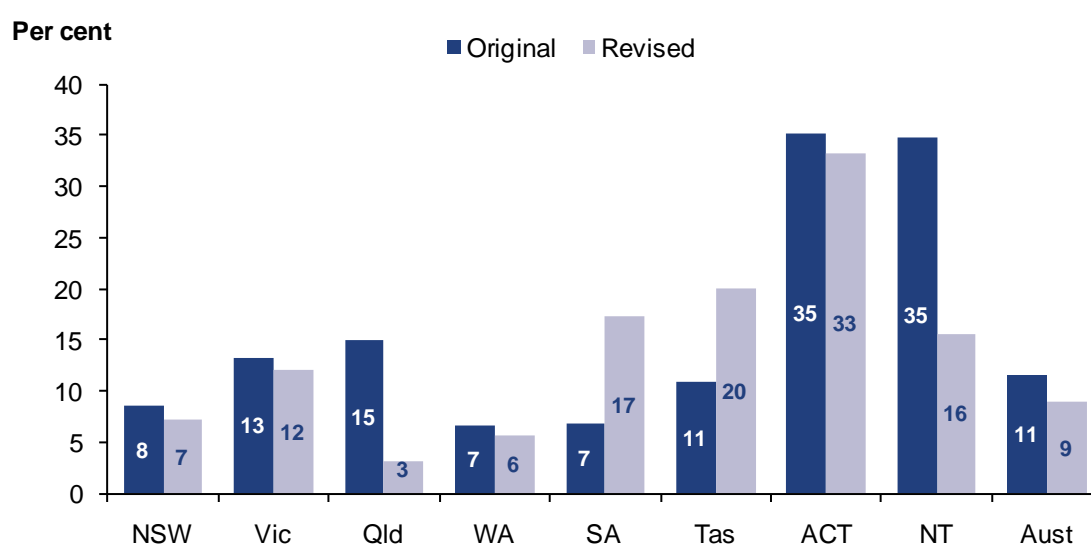
For reasons we explain on page 70, these changes have led to changes in the affordable house prices we use to calculate this indicator. Table C.7 shows the difference between the affordable house price for 2009–10 based on projected incomes, and the affordable house price for 2009–10 based on estimated incomes.

Table C.7 Difference in affordable house price based on projected gross household income compared to affordable house price based on estimated gross household income, for moderate income households, 2009–10

Category	2009–10 projected income	2009–10 estimated income	Difference
Sydney	\$454 867	\$427 110	-\$27 757
Melbourne	\$428 282	\$390 498	-\$37 784
Brisbane	\$350 656	\$367 708	\$17 052
Perth	\$353 796	\$393 412	\$39 616
Adelaide	\$378 579	\$313 021	-\$65 558
Hobart	\$312 156	\$220 863	-\$91 293
Canberra	\$474 704	\$442 818	-\$31 886
Darwin	\$455 901	\$579 021	\$123 120

Because of the differences between projected and estimated gross household incomes, the proportion of homes sold that were affordable in 2009–10 has also changed since last year's report. In some cases this change has been substantial. Figure C.4 to Figure C.9 show the difference between the performance information we published in last year's report and the revised performance information.

Figure C.4 Proportion of houses sold that were affordable to low income households in 2009–10, by State and Territory

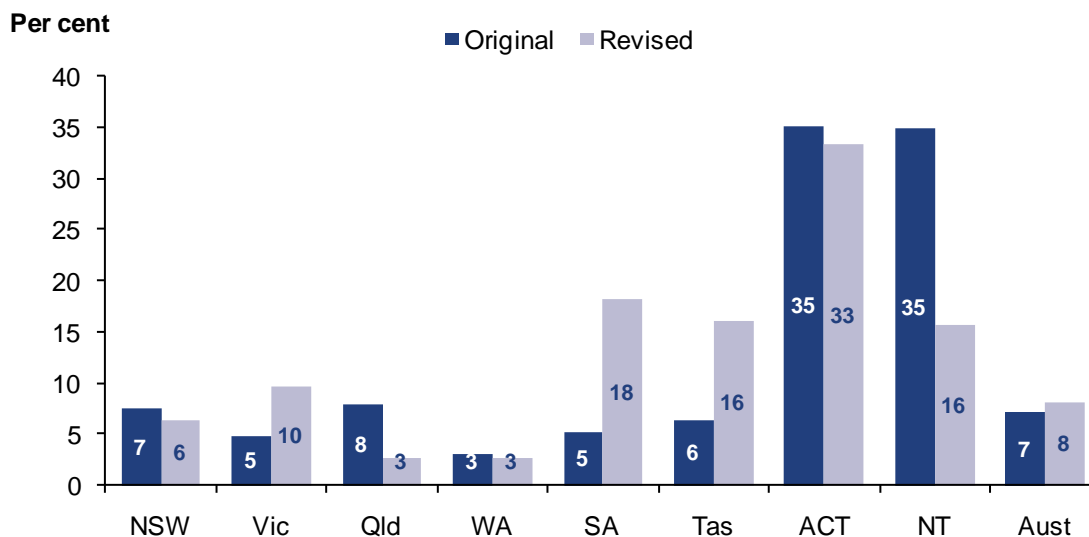


Notes:

1. See Statistical Supplement, Tables NAHA.2.1 and NAHA.2.7 for data and technical notes.
2. Estimates for the ACT and Northern Territory do not include the balance of the Territories: only capital cities.
3. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Figure C.5 Proportion of houses sold that were affordable to low income households in 2009–10, by capital city

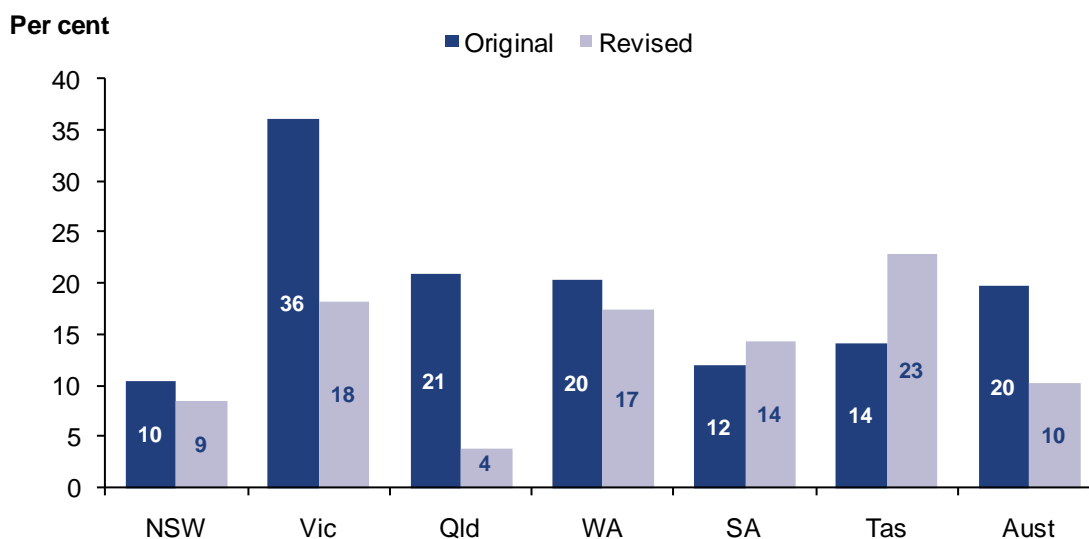


Notes:

1. See Statistical Supplement, Tables NAHA.2.1 and NAHA.2.7 for data and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Figure C.6 Proportion of houses sold that were affordable to low income households in 2009–10, by balance of State

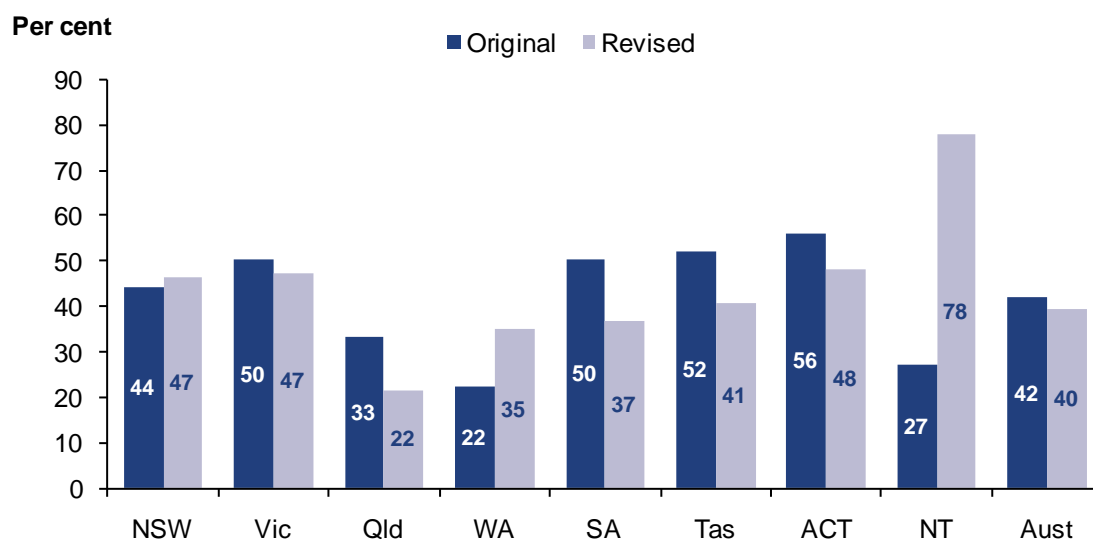


Notes:

1. See Statistical Supplement, Tables NAHA.2.1 and NAHA.2.7 for data and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Figure C.7 Proportion of houses sold that were affordable to moderate income households in 2009–10, by State and Territory

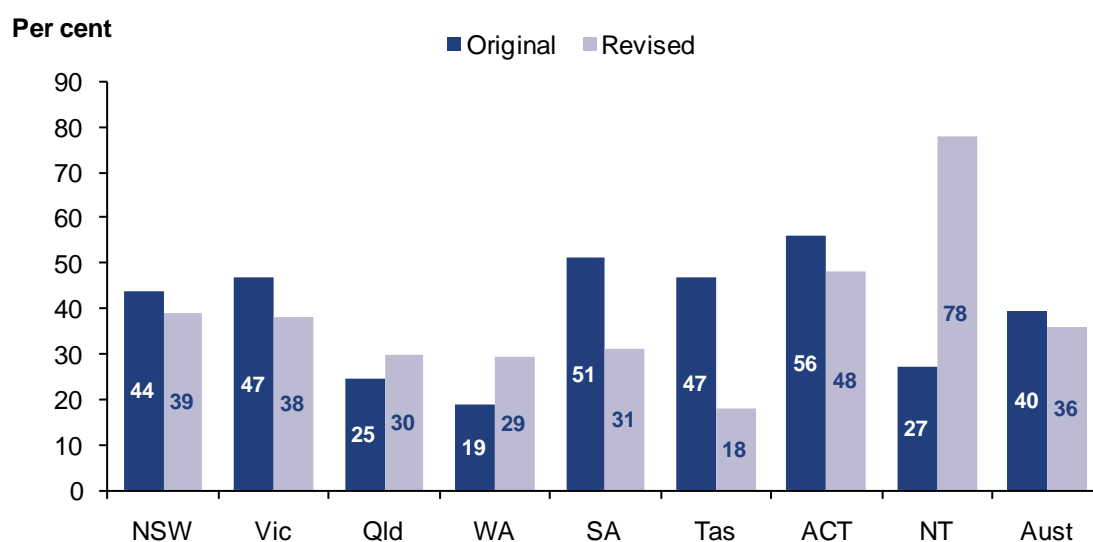


Notes:

1. See Statistical Supplement, Tables NAHA.2.4 and NAHA.2.10 for data and technical notes.
2. Estimates for the ACT and Northern Territory do not include the balance of the Territories: only capital cities.
3. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Figure C.8 Proportion of houses sold that were affordable to moderate income households in 2009–10, by capital city

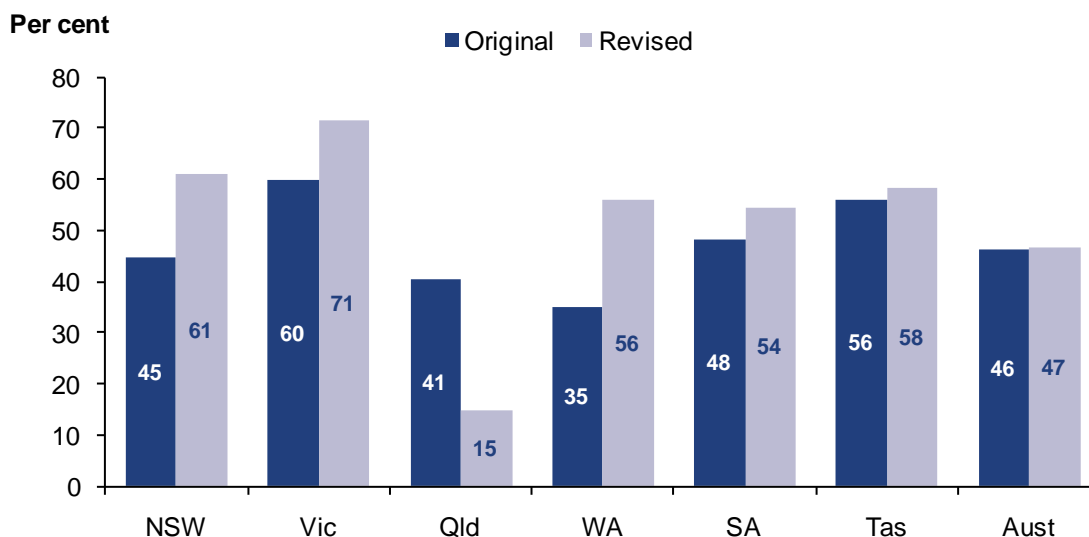


Notes:

1. See Statistical Supplement, Tables NAHA.2.4 and NAHA.2.10 for data and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

Figure C.9 Proportion of houses sold that were affordable to moderate income households in 2009–10, by balance of State



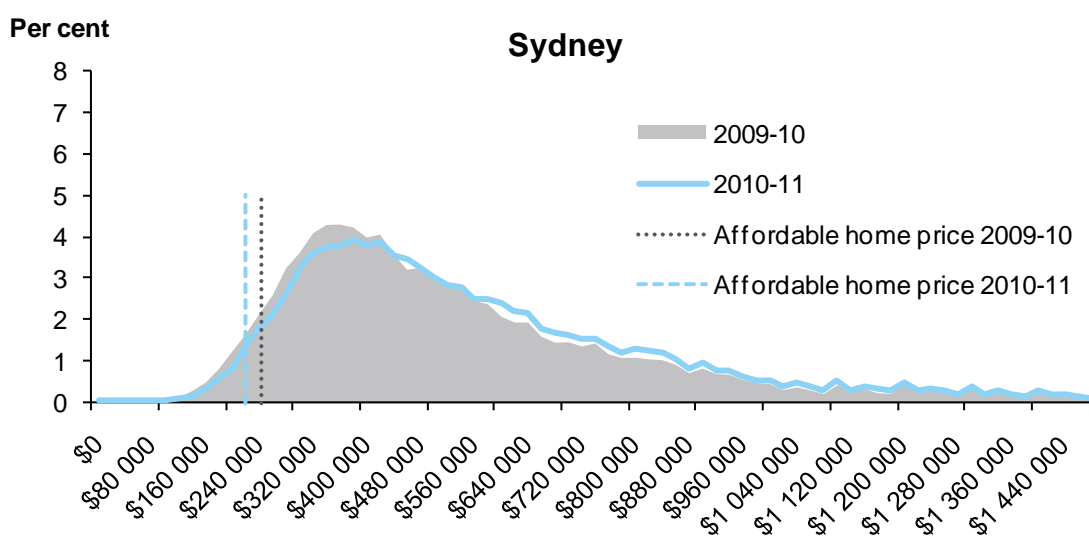
Notes:

1. See Statistical Supplement, Tables NAHA.2.4 and NAHA.2.10 for data and technical notes.
2. Data for previous years are available in the council's previous performance reports.

Source: ABS (unpublished) Analysis of Survey of Income and Housing 2009–10; Valuers-General sales data for 2009–10 and 2010–11, RBA (2012) F5 Indicator Lending Rates

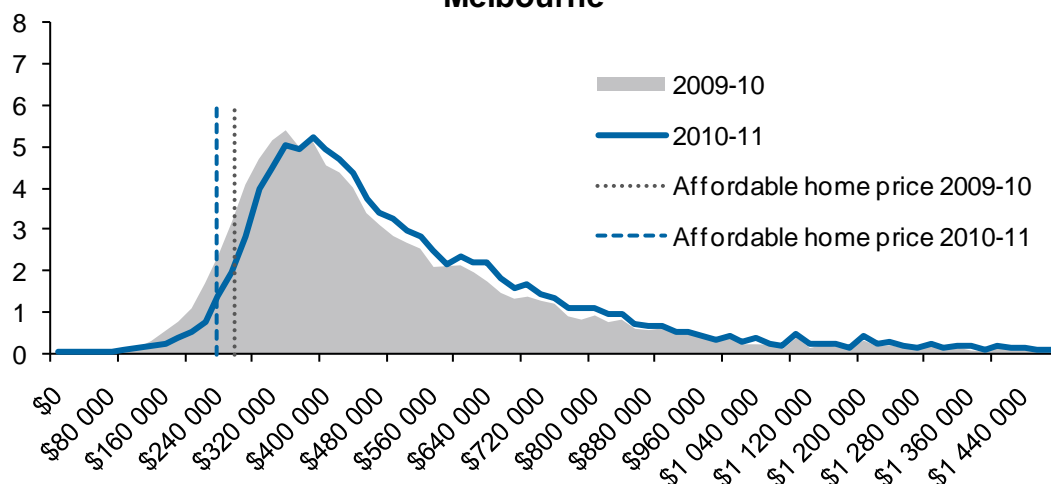
Distribution of house prices

Figure C.10 Distribution of house prices and affordable house price for low income households, capital cities, 2009–10 and 2010–11



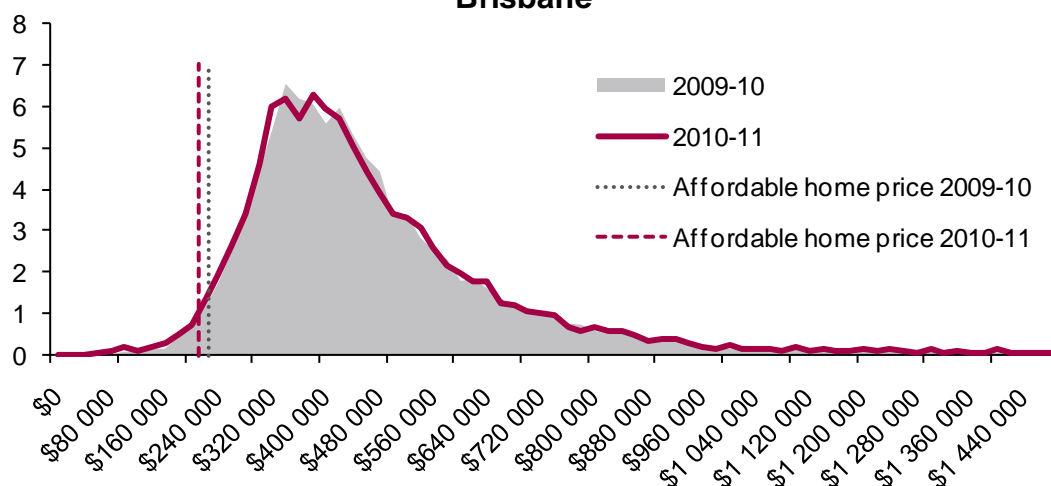
Per cent

Melbourne



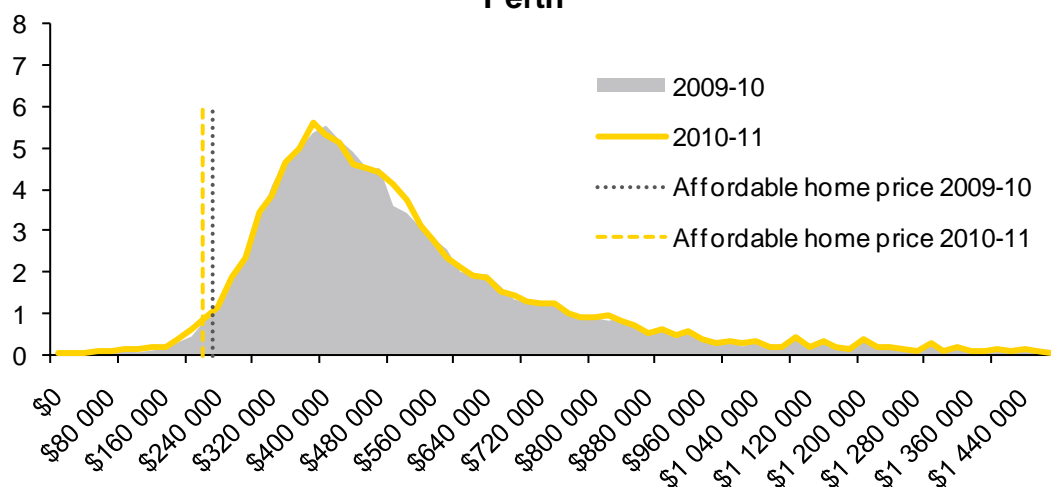
Per cent

Brisbane



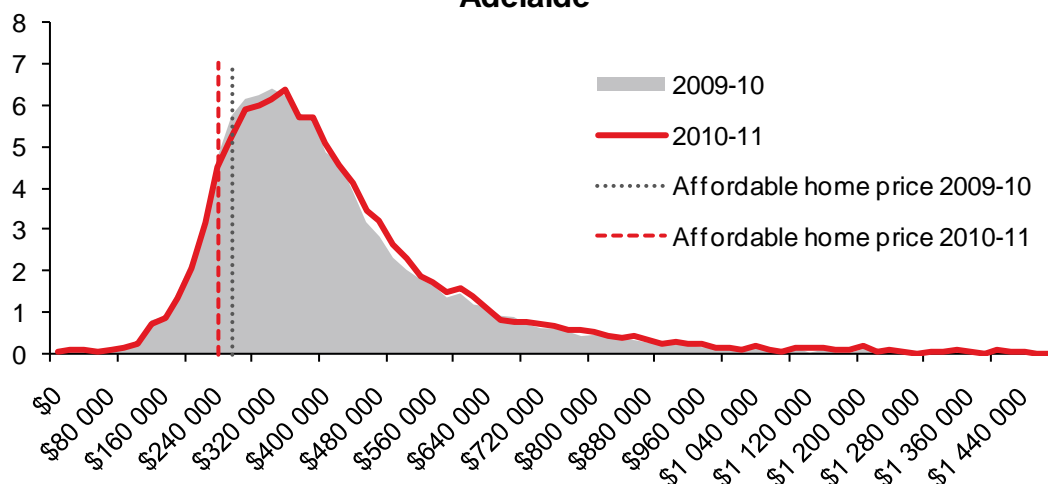
Per cent

Perth



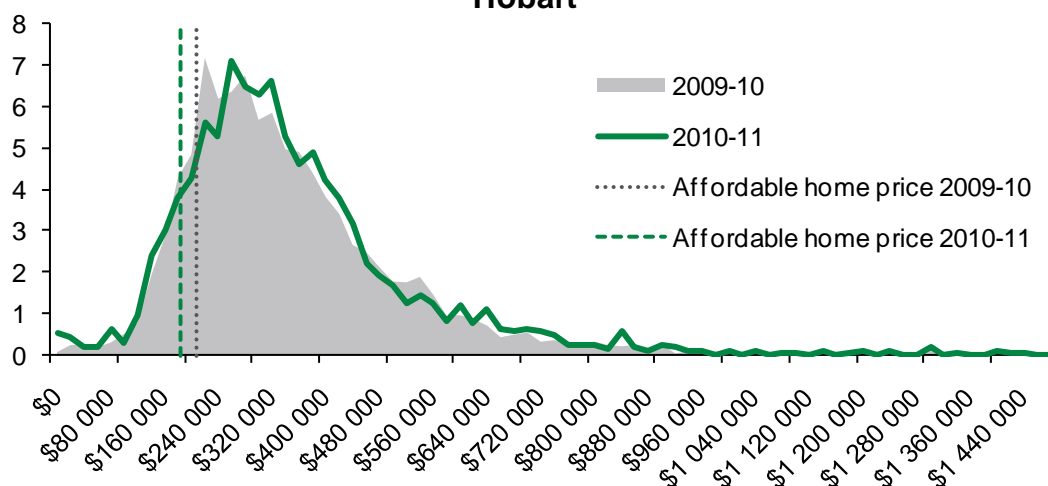
Per cent

Adelaide



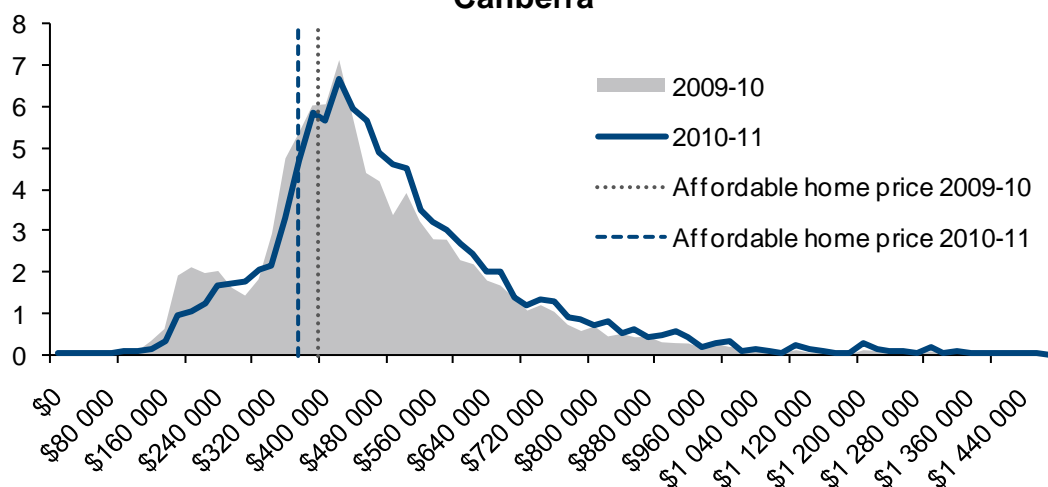
Per cent

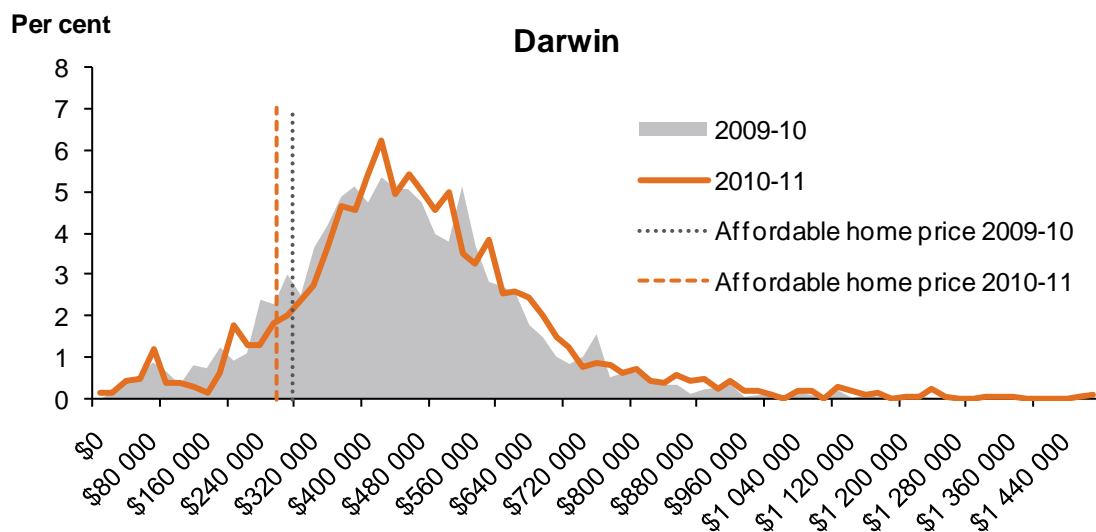
Hobart



Per cent

Canberra





Notes:

1. See Statistical Supplement, Tables NAHA.CI.2 and NAHA.CI.3 for data and technical notes.

Source: ABS (unpublished) Analysis Valuers-General sales data for 2007-08 to 2010-11

Appendix D. Roles and responsibilities

The National Affordable Housing Agreement identifies the respective roles and responsibilities of the Commonwealth and State and Territory governments in achieving the outcomes in the agreement. These (along with the role of local government) are set out in Box D.1.

Box D.1 Roles of governments under the National Affordable Housing Agreement

Role of the Commonwealth

- leadership for national housing and homelessness policy including Indigenous housing policy
- income support and rental subsidies
- immigration and settlement policy and programs
- financial sector regulations and Commonwealth taxation settings that influence housing affordability
- competition policy relating to housing and buildings
- provision of national infrastructure
- housing-related data collected by the Australian Bureau of Statistics and Centrelink
- coordination of homelessness data collection from States and Territories

Role of the States and Territories

- leadership for housing and homelessness policy, including Indigenous housing policy
- housing and homelessness services, administration and delivery
- housing for Indigenous people, including in remote areas
- land use, supply and urban planning and development policy
- housing-related financial support and services for renters and home buyers
- housing-related State and Territory taxes and charges that influence housing affordability
- infrastructure policy and services associated with residential development
- tenancy and not-for-profit housing sector legislation and regulation
- collection and publication of data from housing providers and agencies that provide services to people who are homeless

Role of local government

Local governments operate under State regulation, local governments (and the Australian Capital Territory Government and the Northern Territory Government) are responsible for:

- building approval processes
- local urban planning and development approval processes
- rates and charges that influence housing affordability

**Box D.1 Roles of governments under the National Affordable Housing Agreement
(continued)**

Shared roles and responsibilities

- develop national policy for housing, homelessness and Indigenous housing
- identify and share best practices
- share data, including a commitment to provide data for the national minimum data set and a commitment to the continuous improvement of data
- provide home purchase assistance
- set joint priorities for evaluation and research

Source: COAG (2008), National Affordable Housing Agreement, p. 5–6.

Appendix E. Acronyms and abbreviations

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AIWH	Australian Institute of Health and Welfare
Aust	Australia
COAG	Council of Australian Governments
council (the)	COAG Reform Council
CRA	Commonwealth rent assistance
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs (Commonwealth)
GSP	Gross state product
IGA	Intergovernmental Agreement on Federal Financial Relations
NAHA	National Affordable Housing Agreement
NATSIHS	National Aboriginal and Torres Strait Islander Health Survey
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NHSC	National Housing Supply Council
NSW	New South Wales
NT	Northern Territory
Qld	Queensland
RBA	Reserve Bank of Australia
RSE	Relative standard error
SA	South Australia
SAAP	Supported Accommodation Assistance Program
SIH	Survey of Income and Housing
SOMIH	State-owned and managed Indigenous housing

Steering Committee	Steering Committee for the Review of Government Service Provision
STINMOD	Static Incomes Model
Tas	Tasmania
THM	Transitional Housing Management
Vic	Victoria
WA	Western Australia

Appendix F. References

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