

## **Housing NSW comments relating to the ABS - CPI review 2011**

### **Rent component**

#### **Social housing rents**

- The social housing sector comprises nearly a fifth of all rental dwellings in Australia and hence its contribution to the CPI Rental component is significant. It is not clear from the documentation (ABS catalogue 6461.0 Concept, Sources and Methods) how rental properties in the social housing sector are treated in the CPI rent component.
- Social housing includes both public housing (Government owned and managed) and community housing. Whilst public housing is much the largest component of the social housing sector, this will change over time with the Commonwealth Government setting a target that community housing comprise at least 35% of all social housing by 2014.
- Tenants in social housing dwellings are charged market rent. But most tenants (around 90% in NSW) receive a rental subsidy, which results in them paying a percentage of their income as rent. The net rent payable by tenants is usually set at from 25 to 30% of gross household income, with some minor variations between jurisdictions. As rent is in most instances linked to household income, the rent paid on a dwelling will change when there is a change in the household income. This will most commonly arise when:
  1. Centrelink benefits are increased, which is usually in March and September each year. The vast majority of social housing tenants are Centrelink beneficiaries.
  2. The tenant household composition changes, for example an adult child leaves the household. The household may have been paying \$150 / week, but without the adult child's income, pay only \$80/week.
  3. A new tenant moves in, who has a different household income.
- Over time, the average rent paid by social housing tenants has changed because:
  1. the rental policy has changed (for example from 2000 to 2004 the rent charged increased from 20% to 25% of income) and
  2. the profile of tenants living in social housing has changed. Over the last nine years, the proportion of tenants in public housing who are single persons has increased from 47% to 57%, and the rent paid by a single person is less than for most other tenants.
- The 10% of the social housing tenants in NSW who are not subsidised, pay the market rent.

#### *Data provision:*

To improve the quality of the CPI rent component, state housing authorities should be able to

provide the ABS directly with the rent charged for the sample public housing dwellings in the CPI basket. This is definitely feasible in NSW.

State housing authorities should also be able to advise if the household composition or income has changed in the sample dwellings, and therefore if the ABS need to make a “quality” adjustment.

State housing authorities would generally not be able to provide this data for community housing providers, and the data would need to be sourced directly from the community housing provider as the tenant’s landlord.

### **Private rental properties self-managed by landlords**

- Based on 2006 Census data about 19% of private rental properties are self managed by landlords and it is not clear how the ABS addresses this aspect.

### **Geography**

Retaining the current series for Capital City is important for purchasing power assessment on a continuous basis.

Introduction of regional indices for growth areas is supported e.g. Newcastle SSD and Wollongong SSD. Inclusion of a composite Greater Metropolitan Region (Sydney, Newcastle & Wollongong) index would also be useful. Comparability with other States / Metro areas needs to be considered as part of the process.

### **Frequency**

Quarterly CPI release meets our current requirements.

Monthly CPI may vary significantly and require more frequent data collection increasing respondent burden and costs significantly.