



Parliamentary
Budget Office

Request for budget analysis

Impact of super for housing on commonwealth rent assistance for 35-59 age cohort		
Person/party requesting the analysis:	Senator Andrew Bragg, Liberal Party of Australia	
Date analysis completed:	2 September 2024	
Expiry date of the analysis:	Release of the next economic and fiscal outlook report	
Status at time of request:	Submitted outside the caretaker period	
	<input checked="" type="checkbox"/> Confidential – <i>Authorised for public release on 17 September 2024</i>	<input type="checkbox"/> Not confidential
<p>Summary of request:</p> <p>The request sought the savings in Commonwealth Rent Assistance, resulting from purchasing a home under the Coalition's proposed super for housing policy. The super for housing policy was described in the Coalition's 2022 election policy and would allow individuals to withdraw up to \$50,000 from their superannuation (up to a maximum 40% of their superannuation balance) to purchase their first home.</p> <p>The request asked to focus on 35-59-year-olds and to assume that 20% of renters would purchase a home due to the scheme.</p> <p>The policy would commence from 1 July 2024 and be ongoing. The impacts on the 35-59-year-old cohort would be estimated over the forward estimates and the medium term.</p>		

Overview

The proposal is expected to reduce the cost of Commonwealth Rent Assistance (CRA) by \$1.0 billion over the 2024-25 Budget forward estimates period and \$2.7 billion over the period to 2034-35 for the cohort of individuals aged 35-59 in 2024-25. A breakdown of the financial implications over the period to 2034-35 is provided at Attachment A.

Table 1: Impact of super for housing on commonwealth rent assistance for 35-59 age cohort – Financial implications (\$m)^{(a)(b)}

	2024-25	2025-26	2026-27	2027-28	Total to 2027-28
Fiscal balance	254.0	254.0	252.0	250.0	1,010.0
Underlying cash balance	254.0	254.0	252.0	250.0	1,010.0

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

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

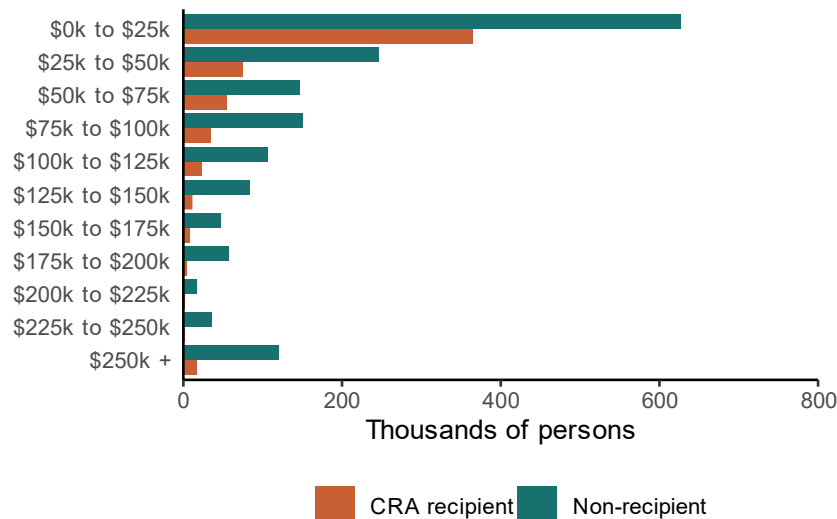
Key assumptions and limitations

Individuals receiving CRA typically have low superannuation balances and therefore uptake from this cohort is expected to be limited. Based on the policy specifications, an individual would need at least \$125,000 in superannuation balance to fully utilise the scheme (i.e. to be eligible to withdraw the maximum \$50,000 allowable amount).

Because many 35-59-year-old CRA renters have low or zero superannuation account balances (see Figure 1), the 20% sample was taken from the individuals with the highest superannuation balances. This composition was chosen as they would be the group most able to take advantage of the policy.

This analysis was conducted based on the assumption that all participants otherwise eligible would be able to attain mortgage financing. Given that the cohort analysed includes individuals close to retirement age, this assumption may lead to an overstatement of the uptake rate.

Figure 1: Superannuation account balances of 35-59-year-olds by Commonwealth Rent Assistance (CRA) recipient status in 2019-20



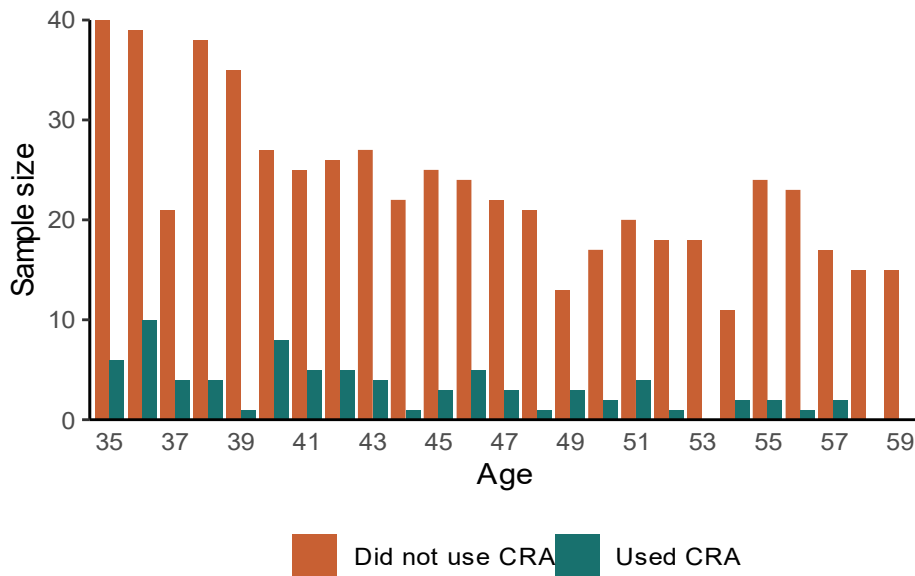
The proposed policy would have additional implications for Government taxation revenue, particularly for superannuation taxes, which were not included in this analysis.

Data limitations

While the policy is unlikely to benefit a large number of individuals on CRA, the precise number of affected persons is subject to a high level of uncertainty. This is partly driven by the use of a survey with a small sample of potentially affected individuals. Despite a relatively small sample size, the SIH was used as it contains linked information about both transfer payment receipts as well as superannuation balances.

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

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



Methodology

The impact of the proposal was estimated using unit record survey data (Survey of Income and Housing, 2019-20). The affected individuals were selected by ranking 35-59-year-old renters by their superannuation account balances and taking the top 20% of these individuals. This limited the selected individuals to those with a superannuation account balance of over \$120,000.

The total CRA entitlement of this cohort of individuals was extracted from the data and benchmarked by departmental Portfolio Budget Statement estimates and indexed by the Consumer Price Index.

Over time, some individuals in the cohort would have purchased a home in the absence of the policy. This counterfactual was applied to the projected figures and was estimated (from SIH data) to be 27% by the end of the medium term. This estimate is based on home-ownership statistics for different age ranges and also carries a significant uncertainty.

Financial implications were rounded consistent with the PBO's rounding rules¹.

Data sources

ABS (Australian Bureau of Statistics) (2022) [2019-20 Survey of Income and Housing](#) [MicrodataDownload], ABS website, accessed 5 June 2024.

Commonwealth of Australia, 2024. 2024-25 Budget, Canberra: Commonwealth of Australia.

Department of Social Services Portfolio Budget Statement 2019-20, Section 2.1, page 45

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

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

Attachment A – Impact of super for housing on commonwealth rent assistance for 35-59 age cohort – Financial implications

Table A1: Impact of super for housing on commonwealth rent assistance for 35-59 age cohort – Fiscal and underlying cash balances (\$m)^(a)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total to 2027-28	Total to 2034-35
Payments													
<i>Commonwealth Rent Assistance</i>	254.0	254.0	252.0	250.0	248.0	246.0	245.0	243.0	241.0	240.0	238.0	1,010.0	2,711.0
Total (excluding PDI)	254.0	254.0	252.0	250.0	248.0	246.0	245.0	243.0	241.0	240.0	238.0	1,010.0	2,711.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.