



**Australian Government**

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**Commonwealth Grants Commission**

**Productivity Commission Housing and  
Homelessness Agreement Review**

**Submission from the Commonwealth  
Grants Commission**

March 2022

## Submission to the Housing and Homelessness Agreement Review

- 1 The Commonwealth Grants Commission (the Commission) provides independent advice to the Government on how the GST revenue should be distributed among the states and territories. To inform this advice, the Commission assesses state revenue raising capacities across a range of revenue categories and state expenditure needs across a range of services, including housing and homelessness services.
- 2 As part of assessing state recurrent expenditure on housing services, the Commission looks to socio-demographic (SDC) differences between states, including remoteness and Indigeneity, to explain the different costs of housing services provision.
- 3 Due to scarcity of data disaggregated by remoteness (particularly for community housing), the Commission has been unable to derive a reliable housing specific cost weight for different remoteness areas. In the absence of such a cost weight, the Commission applies remoteness cost weights to housing expenses derived from area-based measures of schools and admitted patient services as well as Rawlinsons construction costs data. These general remoteness cost weights are also applied to the assessment of welfare expenditure needs within which homelessness services are assessed.
- 4 In an attempt to develop housing specific remoteness cost weights for the Commission's 2020 Methodology Review we collected state data on average recurrent cost per dwelling by Indigeneity and remoteness from 2015-16 to 2017-18. State data was requested for public housing, state owned and managed Indigenous housing (SOMIH), community housing and Indigenous community housing (ICHO). We considered it important to collect community housing and ICHO data because they are the main types of social housing provided in remote and very remote areas.
- 5 There were a number of issues with the data states were able to provide in response to this request. Most states could not provide sufficient data for mainstream and Indigenous community housing for inclusion in an analysis of remoteness cost weights and Indigenous cost weights. A number of states were also unable to disaggregate public housing and SOMIH recurrent expense data by region and/or indigeneity and a range of data points appeared unreliable, as either unrealistically high or low. Due to these issues, we ultimately confined the analysis to New South Wales and Queensland. The analysis indicated that remote households are generally more costly for both Aboriginal and Torres Strait Islander households and non-Indigenous households. However, given this analysis could only be undertaken for two states, that there was considerable variability in the results for these states, and there were broader concerns around missing data and data quality, the results were not suitable for use in our assessment of housing needs. We are happy to share this analysis with the Productivity Commission if it is of value for this Review.
- 6 Commission staff welcome any developments to the nationally consistent housing and homelessness dataset that would improve the availability of housing services data disaggregated by remoteness area, Indigeneity, and jurisdiction. Having access to reliable stock and expenditure data to inform housing specific remoteness cost weights and to better understand the interaction between Indigeneity and remoteness would improve the accuracy of our housing assessment.

- 7 On reading the PC's paper on housing and homelessness issues, the points raised on data development appear to be highly relevant to the Commission's work. Commission staff strongly support any recommendations for more disaggregated reporting of housing stock and expenditure data across all areas of housing provision.

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