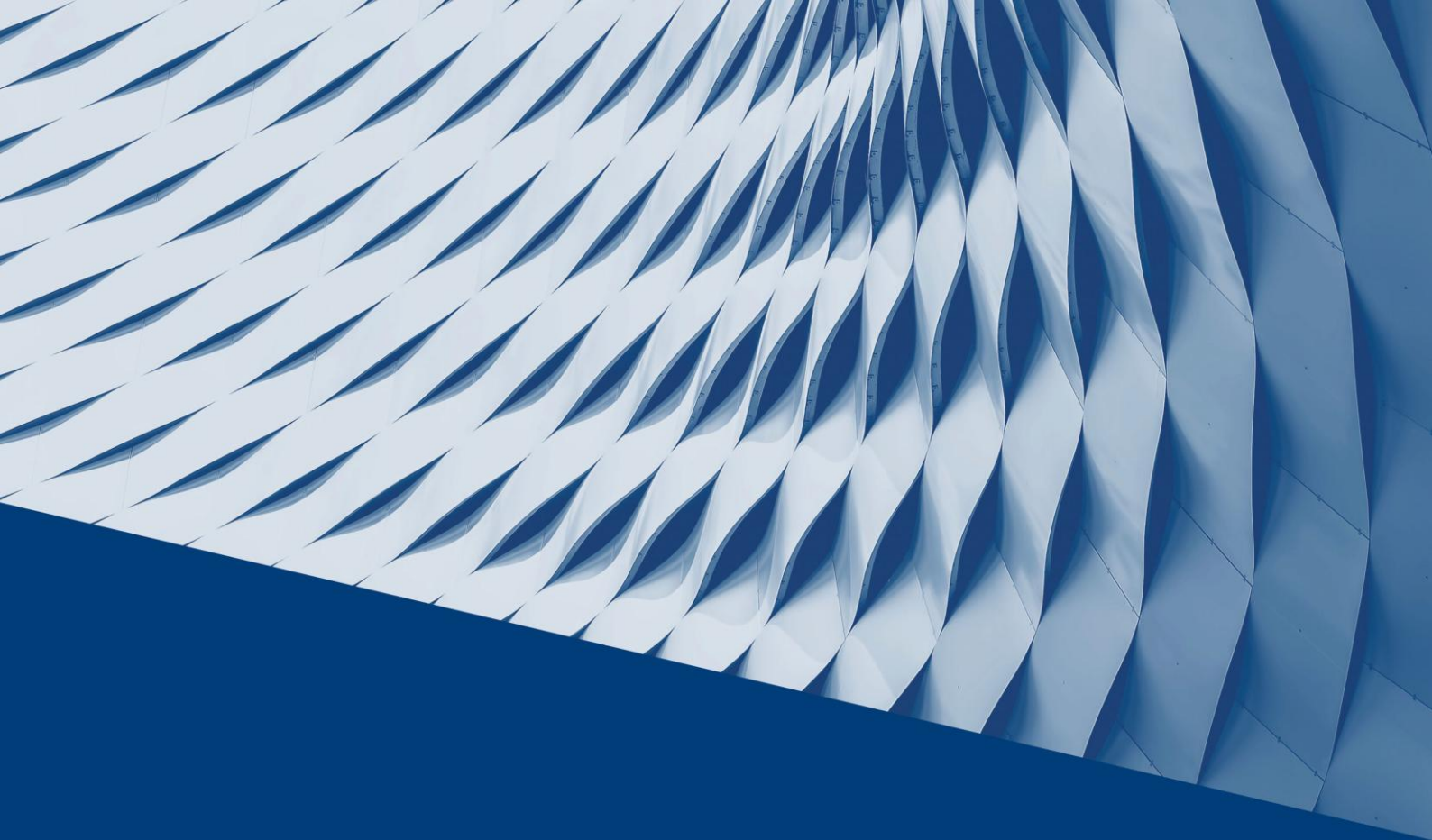




Public Investment for the Public Good - addressing the housing crisis through public housing.

Australian Council of Trade Unions submission to the Inquiry into Social Housing

ACTU Submission, 24 September, 2026
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Introduction

The Australian Council of Trade Unions (ACTU) is Australia's peak national body of unions, founded in 1927. Our 37 affiliated unions and trades and labour councils represent nearly 2 million members across all industries and occupations. This movement, with the ACTU, has a long and proud history of winning for working people, and continues to build on this by advocating for change in a broad range of areas. The ACTU welcomes this inquiry and the opportunity to provide a submission.

Australia is experiencing a housing crisis, a crisis that is denying working people peace, security and prosperity. Housing has become simply unaffordable for many working Australians – whether they are renting or attempting to buy a house. Workers are unable to afford to live near their work, they are living in sub-standard housing, in fear of landlords retaliating against requests for repairs or improvements with rent hikes or eviction or they are pushing their finances to their limit to service sky-high mortgages, hoping against hope that the Reserve Bank won't increase interest rates.

Australians do not need to live this way. Our housing crisis is not uniquely Australian, but it is home-grown. There are countries where working people are not obsessed with real estate, they are not lying awake at night worried about the rent and their young people are not despairing of ever owning a house. Workers in these nations are confident that they will be able to live near their work and that housing will be available and affordable for their children. These countries all have two things in common that Australia must embrace:

- They have seized on the countless opportunities to invest in public housing, make public housing more accessible to their people and affordable to build, and
- They have taken other actions to take some of the pressure off the housing system and the people in it, like rental reforms.

Drawing from our recently released ACTU Housing Plan which lays out a comprehensive agenda for fixing housing affordability, improving home ownership and enhancing the security and equity of other models of housing access, this submission will outline how Australia can learn from these experiences – how we can invest in public housing to create a different housing market for current and future generations.

Our Housing Crisis

Before the introduction of the Capital Gains Tax (CGT) discount in 1999, house prices and household incomes broadly grew in line with one another. In 1999, it took around six times the median income to buy a median-priced house in Australia. Following the introduction of the CGT discount, house prices accelerated rapidly, and it now takes around eleven times the median income to purchase a median-priced home. The CGT discount and negative gearing concessions have made housing a highly tax-favoured asset. This encouraged speculative investment since the early 2000s, locking many younger workers out of home ownership while benefiting professional landlords.

Unions led the push to reform these Howard-era tax concessions that drove house prices up by more than 400% – almost twice as fast as average full-time earnings – making housing wildly unaffordable. The overhaul announced in the 2026 Budget signals that some of the housing pressures will start to come off working people, no longer leaving workers to compete with professional landlords that are using unfair tax breaks to bid up property prices.

But the legacy of these policies remains. As Figures 1 and 2 show, home ownership rates have declined since 2001 across all age groups. In 1947, about 53 per cent of Australians owned their home. By 1966, that figure had risen to nearly 75 per cent. For many families, home ownership became a foundation of security and stability. The overall home ownership rate is now more than 10 percentage points below what it was in 1966 – the clear impact of the drop in affordability. This drop has been most keenly felt among younger Australians.

While most generations, those 65+ excluded, are significantly below the rate of home ownership they achieved prior to 2001, only those aged 25-34 have experienced a drop so precipitous that they are now back at the level they were at in the 1940s and 1950s. For younger Australians, home ownership rates have fallen back to levels not seen for generations and are now well below 50 per cent.

Figure 1 – Home Ownership Rate¹

Overall home ownership rate, 1911-2021

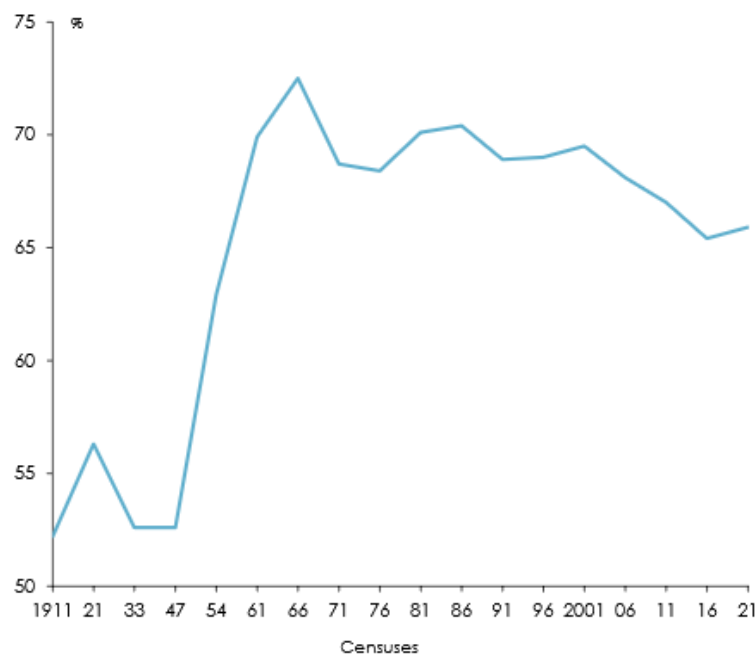
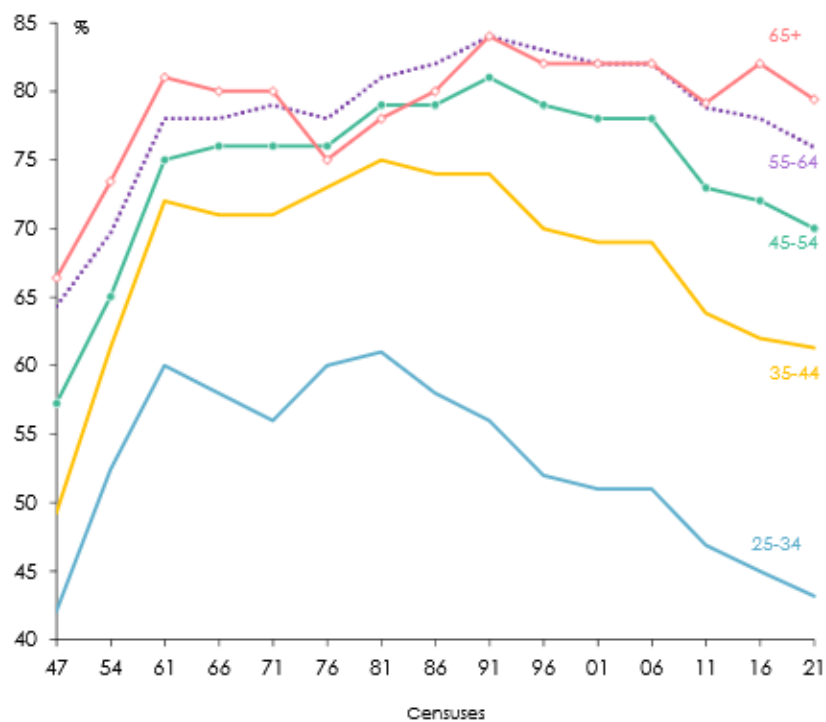


Figure 2 – Home ownership rate by age group²

Home ownership rates by age, 1947-2021



¹ Eslake, Saul, *An Intergenerational Perspective on Wealth Inequality in Australia*, May 2025, <https://www.sauleslake.info/an-inter-generational-perspective-on-wealth-inequality-in-australia/>

² Ibid

This is reinforced by analysis of the latest HILDA data, which shows that for 25- to 34-year old households, overall homeownership rates (outright owners and mortgage holders) have decreased from 30 per cent in 2001 to 25 per cent in 2024. That is, overall homeownership rates are 17 per cent lower among households aged 25 to 34 years in 2024 than in 2001. Over the same period, renting increased from 35 to 39 per cent among 25- to 34-year-olds, and more young adults were forced to live with their parents.

The tangible impact of this is that if home ownership for 18- to 35-year-olds had stayed at 2001 levels, another 311,000 young Australians would own or be paying off a home today. Instead, more young people are stuck renting for longer or living at home because home ownership is out of reach.³ This drop in home ownership, especially among younger people, reflects just how unaffordable housing has become. Once, buying a home cost around 6 times the average income of a worker - it now can cost over 11 times the average income of a worker to buy a home. Increases in house prices have consistently outpaced wages.

In the last five years, house prices have risen around 43 per cent while wages have increased by only 17 per cent over the same period. Saving a deposit, which ten years ago took 4.9 years and 20 years ago took 4.6 years, now takes 5.6 years nationally and is approaching 7 years in NSW. Housing is simply too expensive. Wages have not kept up with house prices, and even if young people spend years saving for a deposit, prices can move even further out of reach.

Even as home ownership drifts further out of reach, young workers are facing increased pressure in the rental market. Rents have risen by double digits in most major cities, driven by rent gouging by professional landlords, and have increased by around 23 per cent over the last five years. As a result, workers are being further priced out of the communities they work in. Anglicare found in 2025 that only 1 per cent of rentals nationwide were affordable for essential workers. Renters lack housing security and are often just one rent increase away from being unable to afford their current home. Renters face poor conditions and avoid asking for repairs or upgrades for fear of an unfair rent increase or sudden eviction.

Older women workers are also facing acute housing insecurity. Women aged 55 and over are among the fastest growing groups experiencing homelessness, driven by lower lifetime earnings, the gender pay gap, occupational segregation, caring responsibilities and lower retirement savings.

Amidst the pressures facing working people, private property developers have failed to build enough genuinely affordable housing. The lack of investment in affordable housing has exposed low-and middle-income workers to an increasingly unaffordable private housing market.

³ Analysis of HILDA data undertaken for the ACTU by Dr Adam Stebbing. Views expressed regarding this analysis are those of the ACTU and not Dr Stebbing. The ACTU would like to thank Dr Stebbing for his generous assistance.

Developers have focused housing construction on luxury projects, narrowing the options available for ordinary workers. Alongside this, the public housing share of newly built residential dwellings has fallen from around 10 per cent during the Hawke Government to around 2 per cent today. Housing is one of the biggest cost-of-living pressures facing workers and is stopping working people from getting ahead. Systemic reform of Australia's housing system is needed.

Responses to the Terms of Reference

Terms relating to the benefits of a significant investment in the increased construction, availability and quality of public housing.

Private development has not delivered sufficient genuinely affordable housing. Over time, public housing stock has eroded as governments have increasingly subsidised professional landlords rather than directly building homes for working people. The State of the Housing System report notes that while public housing stock has remained relatively unchanged over the past decade, public housing waiting lists have grown substantially. This is unsurprising given the fall in the creation of new public housing outlined above.

International experience shows that countries such as Denmark and Norway, and localities like Vienna, have avoided or addressed housing affordability pressures by directly building publicly owned affordable homes and treating housing as essential infrastructure, comparable to schools, hospitals and public transport. Public housing in these jurisdictions has been supported by sustained public investment and is available as a housing option for a large share of residents, rather than being treated only as a residual safety net.

A clear public-housing target, backed by sustained funding, would reverse decades of decline and replenish public housing stock. Direct government investment in genuinely affordable homes would also discipline the private market to provide more affordable alternatives. A well-implemented public-housing program can deliver climate-adapted, high-quality housing while supporting safe, secure, well-paid jobs. Over time, it can help lift construction standards across the market, improve living conditions for working people, and reduce pressure on the private rental market by supporting economically vulnerable households into secure housing.

This should include commitments to use modern methods of construction such as modular housing that can reduce costs and speed up build and approval times while also providing cutting edge, climate-adapted housing stock that supports secure jobs. Government investment in modern methods of construction will strengthen Australian manufacturing capability, supporting the development of the industrial capacity required to deliver additional public housing at scale and increased and improved public housing stock can also be expected to shape the leading edge of innovations in housing construction and discipline the market into adopting higher quality dwellings, improving living conditions for working people over time. A renewed public housing stock will also alleviate pressure on the private rental market. To ensure

long-term supply and rebalance the housing market in favour of working people, we also need a revitalisation of Australia's commitment to building and making accessible public housing.

As outlined in the ACTU Housing Plan, this should involve:

- A target of 10 per cent of newly built housing stock being public housing, with a long-term goal of at least 6 per cent of total housing stock being public.
 - This target should prioritise direct public housing growth and should not be met by transferring existing stock to community housing providers in place of new public housing construction.
- Removal of GST on federal and state government construction and maintenance of public housing.
- Remove tax settings that disadvantage direct public housing provision relative to non-government social housing providers, including exemptions and concessions that distort investment away from public housing authorities.
- A long-term funding commitment for public housing, including co-funding state government projects.
- Expand direct public sector capacity to maintain, repair and refurbish public housing, creating secure public jobs and apprenticeship pathways rather than outsourcing this work to private contractors.
- Review Commonwealth Rent Assistance (CRA) and related funding settings so they do not incentivise states to shift tenants from public housing into non-government social housing or subsidised private rentals at the expense of direct public housing investment.
- Investment in modern methods of construction of public housing such as modular housing including support for Australian manufacture of prefabricated and offsite manufactured building components.

The impact of current Commonwealth and state and territory government investment in social housing, including through the Housing Australia Future Fund and the Social Housing Accelerator, in view of the current scale of need.

As outlined above, it is our view that the current level of investment in public housing is insufficient across all levels of government. The scale of the need now facing Australia cannot be met by small, time-limited programs or by relying on the private market to eventually deliver affordable outcomes. Public housing has been allowed to decline as a share of the housing system over many decades, while waiting lists have grown, rents have increased and more working people have been forced into insecure or unaffordable housing. Reversing that decline will require a significant lift in both the amount invested in public housing and in the national policy attention given to public housing as essential economic and social infrastructure.

Schemes like the Housing Australia Future Fund and the Social Housing Accelerator have an important role to play in responding to the housing crisis. They provide welcome funding and have helped place social housing back on the national agenda. However, they are not, on their own, capable of delivering the number of homes needed to meet the current backlog, let alone restore truly public housing to the level required to permanently ease pressure on the broader housing system. A serious response must move beyond episodic injections of funding and establish a sustained pipeline of direct public investment in new, publicly owned homes.

The design of existing schemes also limits their capacity to rebuild public housing. Current tax and payment settings, including GST treatment and Commonwealth Rent Assistance eligibility, can mean that investment schemes favour housing managed by Community Housing Providers rather than direct investment in public housing. This risks entrenching a model in which governments rely on indirect subsidies and non-government providers rather than rebuilding the public housing system itself. That approach may add important supply, but it cannot substitute for a strong public housing system that remains publicly owned, publicly accountable and able to operate at the scale required.

This should not be interpreted as a criticism of Community Housing Providers. CHPs are an important part of the housing system and will continue to play a valuable role, particularly for households with specific support needs and in partnership with governments and communities. But a comprehensive response to the housing crisis requires a large, renewed public housing system, supplemented by a robust community housing sector. Public housing must be treated as the foundation of the social housing system, not as a residual safety net or a declining asset class. Without that shift, current investment will remain welcome but inadequate, and Australia will continue to fall short of the scale of action needed to provide secure, affordable housing for working people.

Any other related matters.

Australian Unions are advocating for a significant expansion of public housing because we are of the view that it is the structural solution to our housing crisis. We recognise, however, that it is not an instant solution and that, even in those jurisdictions which have most embraced public housing, some working people will still choose, or be required, to live in privately rented homes. For these reasons, investment in public housing should go hand in hand with reforms to our private rental markets to reduce rental stress, improve the quality and climate resilience of rental properties and give renters more stability and security while public housing supply is rebuilt.

As outlined in our Housing Plan, the ACTU calls for:

- A national minimum tenancy standard of at least two years, with longer and shorter tenancies available by choice and tighter regulation of evictions and rent gouging, delivered through an update of the 2023 National Cabinet 'A Better Deal for Renters'.
- Enforceable minimum standards for rental homes, including:

- Mandatory registration of rental properties, supported by an appropriately empowered regulator
- Clear regulatory powers to enforce compliance with minimum standards
- Tightened eviction protections
- Measures to improve regulation of rents to prevent rent gouging
- Support for co-funding by property owners and government of upgrades to rental properties, including energy efficiency, temperature control, climate-proofing, and security upgrades

These proposals would deliver practical and immediate benefits for renters while complementing the longer-term task of rebuilding Australia's public housing system. A consistent national regulatory framework, regulated through a Safe Work Australia model of cooperation between state, territory and federal governments, would ensure rental properties meet basic liveability standards no matter where a tenant lives. This would reduce the current inconsistency between jurisdictions and establish a clear floor of rights, protections and obligations across the rental market. For working people, that would mean greater certainty that the home they rent is safe, secure, energy efficient and fit to live in.

Minimum tenancy standards of at least two years would provide renters with greater stability and reduce the churn and insecurity that currently define too much of the private rental market. Longer default tenancies would make it easier for workers to remain close to their jobs, children's schools, caring responsibilities and community supports. They would also reduce the financial and personal disruption caused by frequent moves, including moving costs, school changes and the loss of connections to work and community. Stronger protections against unfair evictions would ensure that tenants can assert their rights without fear that a request for repairs, maintenance or basic upgrades will lead to retaliatory eviction.

Enforceable minimum standards, backed by mandatory registration of rental properties and properly empowered regulators, would help lift the quality of rental housing over time. Too many renters currently live in homes that are poorly maintained, insecure, cold in winter, hot in summer or vulnerable to the effects of extreme weather. Requiring landlords to meet clear standards, and giving regulators the power to enforce those standards, would shift responsibility back to property owners rather than leaving individual tenants to negotiate with landlords from a position of insecurity. It would also help responsible landlords by setting a clear and consistent standard across the market.

Improved rent regulation would also deliver significant benefits. Carefully designed limits on excessive rent increases would help prevent rent gouging, give renters greater confidence to plan their lives and reduce the risk that sudden rent hikes push working people out of their homes or

communities. Academic research, including work from Macquarie University⁴, shows that renters benefit from stronger regulation, and comparable approaches already operate in several European countries and the ACT. The definition of what is an “excessive rent” should be carefully calibrated to deter rent gouging while not discouraging investment in new rental stock - this could be considered as part of a larger process of formally defining ‘affordable housing’ which would provide clear guidance for this and other policy projects.

Support for co-funded upgrades to rental properties would further improve housing quality and reduce cost-of-living pressures for renters. Energy efficiency, temperature control, climate-proofing and security upgrades would make homes cheaper to run, healthier to live in and better able to withstand more frequent extreme weather events. These reforms would be particularly important for low-income renters, older workers, families with children and people living in poorly insulated or ageing housing stock. Taken together, the ACTU’s proposed rental reforms would make the private rental market fairer, safer and more stable while broader public housing investment is scaled up.

Conclusion

Australia’s housing crisis is not inevitable. It is the result of policy choices that have treated housing too much as a vehicle for private wealth accumulation and too little as essential infrastructure for working people and their communities. Reversing that failure requires a different set of choices. Governments must rebuild public housing as a central pillar of the housing system, set ambitious targets for new publicly owned homes, remove tax and funding settings that disadvantage direct public provision, and invest in modern, climate-adapted construction methods that support secure jobs and apprenticeships. These reforms must be matched by stronger protections for renters, including longer minimum tenancies, enforceable standards, proper regulation, limits on rent gouging and support for upgrades that make homes safer, healthier and cheaper to run. The housing system we have now was created by decisions over many decades. It can be remade by decisions made now. The task before this inquiry is whether Australia continues with a failed model that has left too many working people insecure or chooses to rebuild housing as a public good. Australia can choose to live differently, with housing that gives working people security, dignity and the ability to build a future in the communities where they live and work.

⁴ ‘Regulating rents: international examples & experience’, Alistair Sisson, Penelope Bowyer-Pont, Nov 2023

address

ACTU
Level 4 / 365 Queen Street
Melbourne VIC 3000

phone

1300 486 466

web

actu.org.au
australianunions.org.au