

2023

**THE LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY**

TENTH ASSEMBLY

ACT Historic Housing Debt - Assembly Resolutions of 2 June and 19 October 2022

Government Response

**Presented by
Andrew Barr MLA
Chief Minister
November 2023**

THIS PAGE IS DELIBERATELY LEFT BLANK

Madam Speaker, I would like to report back to the Legislative Assembly as requested in the Assembly Resolutions on 2 June and 19 October 2022 (the Resolutions) on the progress of discussions relating to the historic ACT Housing Debt with the Commonwealth Government.

In summary, the Resolutions requested the ACT Government to:

- reconfirm that all principal and interest payments that no longer need to be made to the Commonwealth be invested into additional public housing; and
- report back to the Legislative Assembly by the final sitting day of 2023 on the progress of requesting the Commonwealth to waive the debt, including the total debt and interest saved, and plans for public housing investments.

The Resolutions also requested that leaders of all parties represented in the Legislative Assembly to continue to communicate to the Commonwealth Finance Minister, Senator the Hon Katy Gallagher.

I note from 2019, I have raised this matter formally with the Commonwealth Government in twelve letters as well as numerous meetings and forums, both with the current and previous governments, including:

- In June, August and September, October 2019, as part of letters to the then Commonwealth Treasurer and Prime Minister seeking an early repayment option for the Territory to reduce costs as a follow up on the inflexible loan terms, I requested to release the debt – noting that the resources could be diverted to housing and homelessness services.
- In December 2019, a joint tri-partisan letter from all ACT Assembly parties to the then Prime Minister, in response to the calls from an Assembly Resolution passed on 19 September 2019 about housing

affordability in Canberra. We requested the Commonwealth to waive the historic housing debt for the ACT to enable the ACT Government to redirect the servicing costs towards new or expanded housing and homeless services.

- In August and September 2020, as part of letters, I wrote again to the then Commonwealth Treasurer about restructuring or extinguishing the loans, and how the ACT could divert the resources towards social and affordable housing for Canberrans. I also requested the Commonwealth Treasurer to reconsider his position on this matter.
- In March 2022, as part of a letter to the then Commonwealth Treasurer, reiterated my previous requests to the Commonwealth to waive the historic housing debt.

I note that since the Resolutions, I have also raised the matter of debt forgiveness several more times, including:

- In July 2022, as part of letters to the incoming the Prime Minister, Commonwealth Treasurer and Minister for Finance stating that the ACT Government would invest the savings associated with any debt forgiveness in social (including public housing) and affordable housing for Canberrans.
- In several of my public comments, where I reiterated the ACT Government commitment to seek debt forgiveness and use the savings on social and affordable housing.
- In interjurisdictional meetings with the Commonwealth, where appropriate or relevant matters are discussed.

Further to what I have already outlined, the matter was also raised as part of our negotiations with the Commonwealth on the National Housing Accord and when appropriate we will continue to raise this matter..

I also note that Minister for Housing and Suburban Development has also raised this matter with the Commonwealth.

In response to earlier requests in 2022, the Commonwealth Finance Minister, did make public commentary that the Commonwealth might consider waiving the ACT's historic debts, if the financial windfall associated with the waiver were to be applied to social housing investments. However, the Commonwealth Finance Minister subsequently noted the Commonwealth Government was not able to waive the debt as part of its 2022-23 Budget. The debt has also not been waived as part of the 2023-24 Commonwealth Budget.

Further, the ACT Government has also reiterated the request to the Commonwealth Treasury for the outstanding debt to be waived in the same manner as other jurisdictions like Tasmania or South Australia, who received full or partial waivers. For example, the matter was raised at interjurisdictional meetings with the Commonwealth and as part of ongoing implementation discussions on the Housing Accord in 2023.

However, since these requests and the commentary made by the Commonwealth Finance Minister, the Commonwealth Government has not waived the debt or provided any indication of waiving this debt in the future.

Given the Commonwealth has not waived the debt, the ACT Government has not realised any savings to date. For context, as at 30 June 2023, the principal owing to the Commonwealth is \$81.586 million and the interest payable over the remaining loan period – up to 2042 – is \$24.407 million.

Moving forward, the ACT Government will continue to seek the cancellation of historic Commonwealth housing debts, so that it can redirect funds to support Community Housing Provider projects in the ACT and affordable and social housing projects more broadly, including in the context of the National Housing Accord.

The earlier the Commonwealth waives the debt, the more funding that is available to be invested in social and affordable housing in the ACT.

Notwithstanding the above, I reconfirm that I and the ACT Government will continue to request the Commonwealth to waive the debt. I also confirm that the ACT Government is still committed to investing any savings towards additional social and affordable housing in the ACT.