

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2016-17 Supplementary Estimates Hearings

Outcome Number: 4.1 Housing and Homelessness Question No: SQ16-000442

Topic: Rent Assistance

Hansard page: 91

Senator Doug Cameron asked:

You say more and more people are edging up to get maximum Commonwealth rent assistance. Could you provide details on how that is operating, what the factors are that are driving people up to get maximum Commonwealth rent assistance and what are the short and long term budget implications of the drivers of increased CRA expenditure? Why are people becoming entitled to it?

Answer:

Commonwealth Rent Assistance (CRA) is a non-taxable income supplement payable with income support payments, Family Tax Benefit Part A (at more than base rate) and service pensions to eligible Australian residents to assist with private rental costs for their principal home. Private rent includes amounts paid to community housing providers, and for site fees, mooring fees, fees to occupy non-Commonwealth funded places in aged care facilities (such as nursing homes), and, in some cases, retirement village fees.

To receive CRA, a person or couple must pay or be liable to pay eligible rent above a minimum level, called the rent threshold. CRA is calculated at 75 cents for each dollar above the rent threshold up to a maximum rate (or ceiling) even if the eligible rent is greater. Rent thresholds and maximum rates vary according to family situation and are indexed twice a year in line with increases in the Consumer Price Index (CPI) – all groups.

In recent years, according to the latest official data on CPI (rent component) published by the Australian Bureau of Statistics, rental costs have increased at a faster rate than the CPI (all groups), leading to an increasing number of people being eligible for CRA, or reaching their maximum CRA rate (ABS 6401.0, Consumer Price Index, Australia, September 2016).

CRA is a demand driven program and total CRA expenditure depends on:

- number of recipients – that is, number of income support and Family Tax Benefit Part A recipients who are paying CRA-eligible rent; and
- how much rent they are paying (up to the maximum rate of CRA for their family situation and depending on whether they are receiving full or part CRA, noting the amount of CRA paid to a recipient may be reduced by the income and assets tests applying to the primary payment).

CRA expenditure can increase over time due to any of these drivers and their overall combined effect.