

Media Release



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ANGLICARE REPORT HIGHLIGHTS MORE SUPPORT IS NEEDED TO HELP AUSTRALIANS THROUGH RENTAL CRISIS

Real Estate Institute of Australia (REIA) President, Hayden Groves has welcomed the Anglicare Australia report, *Reforming Rent Assistance*, which backs REIA's own research showing the need to improve Commonwealth Rental Assistance (CRA) to Australians that need it the most.

Mr Groves said if no supply is added to ease the market the situation will worsen.

"REIA's *Real Estate Market Facts: A 20-year report* found that over the past 20 years, the weighted average median rent for 3-bedroom houses in the eight capital cities increased 41.4% to \$506 per week. The median rent for 3-bedroom houses increased in all capital cities ranging from 30.6% in Melbourne to 84.0% in Hobart.

"Since 2002, the weighted average median rent for 2-bedroom other dwellings increased 39.3% to \$474 per week. The median rent increased in all capital cities over the past 20 years ranging from 26.1% in Sydney to 90.9% in Hobart.

"The stark contrast to this is that the weighted average Australian weekly rent in 2002, CRA covered 24.4% of weekly rental payments, however, by 2022 only covered 16.9%. In 2002, rent assistance was 30.9% of the real median weekly rent for Perth and 21.3% of the median rent for Canberra.

"This means that despite large rent increases payments range from a maximum of \$48.60 per week for a single sharer to \$96.81 per week for a family with 3 or more dependent children."

Mr Groves said that one reason for CRA not keeping pace with rent increases is that CRA is indexed to the overall Consumer Price Index (CPI) (all goods and services) rather than to the rental component of the CPI.

"It would be better if CRA was reviewed annually and paired with a better indicator of rental movements within State and Territory rental markets."

The Anglicare Australia found that in 2021-22, the Federal Government spent \$4.9 billion on rent assistance payments.

"Expenditure on the payment has almost quadrupled since it was introduced, up from \$1.4 billion in 1993-94. The enormous expansion of the payment is important, as part of the justification for moving to demand-side assistance was to reduce the cost to Government in delivering housing.

"Despite this increase, the amount of support provided to households has decreased as the REIA REMF 20 Year Report demonstrated."

Mr Groves said creating more supply for low-income households, particularly more social housing supply would be the answer to ease the burden.

"We're urging the governments to address this issue as a matter of urgency and hope the Interim Supply Council takes these issues as seriously to assist the millions of renters affected Australia-wide."

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Australia Rental Market (cont.) Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is a payment made by the federal government to assist with rental payments for people and families receiving a Centrelink payment. As of the June quarter 2022, CRA payments ranged from a maximum of \$48.60 per week for a single sharer to \$96.81 per week for a family with 3 or more dependent children. Table 5 below shows, for each capital city and Australia, CRA as a proportion of the median weekly rent of a 3 bedroom house where a family with 2 children received the maximum rent assistance. As indicated in Table 5 below, based on the weighted average Australian weekly rent in 2002, CRA covered 24.4% of weekly rental payments, however, by 2022 only covered 16.9%. Table 5 also shows the differences between capital cities; in 2002 rent assistance was 30.9% of the real median weekly rent for Perth and 21.3% of the median rent for Canberra. One reason for CRA not keeping pace with rent increases is that CRA is indexed to the overall Consumer Price Index (CPI) (all goods and services) rather than to the rental component of the CPI.

Table 5: Commonwealth rent assistance as a proportion of weekly rent

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Cap Cit
2002	22.1%	24.2%	25.3%	28.7%	30.9%	21.3%	30.4%	22.1%	24.4%
2007	21.1%	23.7%	20.4%	23.7%	19.7%	16.9%	21.9%	15.0%	21.4%
2012	14.6%	18.0%	17.5%	19.1%	15.3%	13.3%	18.5%	10.9%	16.2%
2017	15.5%	20.4%	20.4%	22.8%	23.2%	16.5%	21.6%	16.0%	18.8%
2022	14.4%	19.9%	17.9%	19.1%	18.6%	13.2%	16.2%	15.1%	16.9%

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.com.au