

## **Increase the maximum rate of Commonwealth Rent Assistance (CRA) and tie indexation to changes in the rental component of the consumer price index.**

### **Overview**

- The rental crisis in Australia is worsening as rental prices and competition for housing increase.
  - [ABS](#) data shows the proportion of the population who are renters is increasing steadily over time (rising from 27% in 1999 to 31% in 2019). This trend includes a rising proportion of older people reliant on the rental market.
- While two one-off increases to Commonwealth Rent Assistance (CRA) occurred in 2023 (15%) and 2024 (10%) this has not been enough to catch up to strong increases in rents.
- These gains will disappear if indexation continues to be attached to overall CPI and not specifically tied to the rent component of CPI.
  - According to the [ABS](#), the rental component of CPI increased 6.75% compared to 2.81% for overall CPI (over 12 months to September 2024), whereas the rental component of CPI increased by 3.81% compared to 3.24% for overall CPI (over 12 months to September 2025).

### **WHAT ARE WE CALLING FOR?**

- Increase the maximum CRA payment by a further 5% and index future increases to the rent component of CPI (not overall CPI) in recognition that rents have increased faster than overall inflation.

### **Budget impact**

- The cost of providing a further one-off 5% increase in CRA would be approx. \$900m over forward estimates.
- The budget impact of tying indexation to the rent component of CPI would vary depending on the trajectory of rental costs.
- Implementing indexation to rent provides an incentive for government to address rent pricing because it creates budget consequences from inaction. If rental costs fall relative to CPI, this would reduce indexation and budget outlay for CRA.

