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The impact of Commonwealth Rent Assistance on low-income privately renting parents and children

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Contents

List of tables

List of figures

Acronyms and abbreviations used in this report

ABS	Australian Bureau of Statistics
AIFS	Australian Institute of Family Studies
AIHW	Australian Institute of Health and Welfare
AHURI	Australian Housing and Urban Research Institute
CRA	Commonwealth Rent Assistance
DSS	Department of Social Services
HILDA	Housing, Income and Labour Dynamics in Australia survey
LSAC	Longitudinal Study of Australian Children
LWSCC	Later Wave Study Children (whose households received CRA in earlier waves)
NHHA	National Housing and Homelessness Agreement
OLS	Ordinary least squares
SC	Study child (or study children)

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website ahuri.edu.au/glossary.

Executive summary

Key points

- **Commonwealth Rent Assistance (CRA) is the most expensive demand-side housing support program in Australia, costing the federal government $5.5 billion in the 2023-2024 financial year. It is expected to become more expensive due to increases in allowances in the 2024-2025 Budget and upwards pressure on housing affordability.**
- **The report uses Longitudinal Study of Australian Children (LSAC) survey data and the Housing, Income and Labour Dynamics in Australia (HILDA) survey data to:**
    - understand the impact of CRA on the likelihoods of homelessness, financial insecurity, poor health and wellbeing
    - understand the impact of CRA on the transmission of intergenerational disadvantage.
- **We find that CRA recipients experience worse hardship and stress outcomes than those not in receipt of CRA (noting that it is not possible to control for all unobserved factors).**
- **When we analyse the outcomes of the child rather than parent, we find that the amount of CRA received reduces the risk of homelessness for the study children (SC) later in life, and increases the probability of university study.**
- **Our findings indicate that the level of CRA is currently set too low and disadvantages smaller families.**
- **An increase in the level of CRA payment would have a non-linear reduction in probability of children experiencing homelessness, and a non-linear increase in their probability of experiencing university study.**
- **Only families that use CRA to choose higher levels of housing consumption maximise future positive outcomes for their children.**

Commonwealth Rent Assistance (CRA) is an income supplement for low-income private renters. Its purpose is to improve housing outcomes for those on low incomes. CRA represents significant federal government spending at $5.5 billion in the 2023-2024 financial year (Centre for Excellence in Child and Family Welfare 2025), and there is evidence that CRA is likely to be under increased pressure as Australia's housing landscape changes and more households face housing stress.

However, there is limited extant literature on the financial, wellbeing and health outcomes of CRA recipients and their children. In short, we do not understand how effective CRA is at reducing disadvantage and increasing wellbeing, and how these effects are transmitted through the generations.

This report seeks to understand the impact of CRA receipt and the payment's increase on low-income privately renting parents and their children, with specific focus on their housing, financial, health and wellbeing outcomes. It also examines the role of CRA in intergenerational transmission of disadvantage—related to poor housing, financial, wellbeing and health outcomes—from low-income privately renting parents to their children.

Key findings and policy development implications

CRA is the most heavily funded demand-side housing support program in Australia, and the subject of three important policy debates (AIHW 2024).

1. Does receipt of CRA (and the amount received) actually improve recipients' outcomes? This report draws on a relatively under-used dataset—the Longitudinal Study of Australian Children (LSAC) survey—to add a new dimension to the analysis by looking through the perspective of CRA recipients' children rather than CRA recipients themselves.
2. Is the CRA subsidy set at a high enough level to significantly reduce (or even overcome) the disadvantages faced by the individuals and households that are eligible for this subsidy?
3. Is CRA well targeted? Previous AHURI research (for example Ong ViforJ, Pawson et al. 2020) has concluded, in general, that CRA is poorly targeted. Could revised eligibility criteria improve outcomes and thereby move closer to an aggregate positive welfare effect at the societal level?

Our research found that CRA receipt plays a role in reducing the risk of homelessness later in life for recipient households, and that children from CRA-recipient households have an increased likelihood of attending university. Both of these effects become apparent at a threshold, which is around $70 per week.[1] The maximum amount of CRA payable in Waves 3–5 of the Longitudinal Study of Australian Children (LSAC)—which occurred between 2007 and 2012—was around $63 to $104 per week. Clearly, rent levels and CRA payments have changed considerably since 2008–10 (which are the years corresponding to Waves 3–5 of LSAC). For example, in 2009 the median private rent level in Australia for tenants with an estate-agent landlord was $124, whereas in 2023 it was $341[2].

CRA recipients are by definition disadvantaged; in order to receive CRA, a household must meet low income criteria and be elibible for a payment such as the Disability Support Pension, JobSeeker Payment or the Carer Payment. We demonstrate that CRA-recipient families sacrifice spending on food, energy bills, health and wellbeing in order to maintain their rental tenancies. We show that this significant disadvantage persists despite being in receipt of CRA support. It is unsurprising that there is a correlation between CRA receipt and an increased likelihood of negative educational, health, wellbeing and financial outcomes.

1 The $70 figure does not represent current value. It relates to the study period covering calendar years 2008-12, when weekly CRA payments were approximately $63-204.
2 Figures based on authors' analysis of the HILDA survey.

However, it is important not to misinterpret the correlation between receipt of CRA and these negative outcomes. Although the receipt of CRA by parents is generally associated with worse outcomes for children, we attribute this to the correlation between receipt of CRA and other circumstances—which include receiving a low income, and living with a high level of hardship or deprivation.

We conclude that CRA is playing a supportive role in improving outcomes, but is currently set at a level too low to ameliorate:

- the disadvantages of living with a low income
- being excluded from home ownership.

It is important to note that some households 'avoid' receiving CRA by choosing to consume a low level of housing services—for example, occupying a small home or living in a cheaper neighbourhood. For households choosing a higher level of housing or neighbourhood quality, CRA effectively pays 75 per cent of this higher consumption.

This suggests that households choosing to use CRA to subsidise their housing costs are effectively able to improve the outcomes for their children.

When we use HILDA data, as many previous AHURI projects have done (for example Campbell, Parkinson et al. 2014; Ong ViforJ, Singh et al. 2022), we find either:

- statistically insignificant results between the receipt or amount of CRA received and health, wellbeing and employment outcomes
- statistically significant results in an unexpected direction or perverse effects.

In other words, CRA seems to be associated with worse outcomes in the future—one year ahead. This is particularly the case for satisfaction with home and with neighbourhood.

We ascribe these unexpected or perverse findings to the fact that CRA is reasonably well targeted, as low-income renter recipients are also among society's most deprived households. Their level of deprivation attracts entitlement to CRA—but also causes adverse health, wellbeing, employment, educational and housing/neighbourhood satisfaction outcomes.

However, when we examine outcomes through the perspective of children, a different picture emerges. The modelling results show that receipt of CRA by parents is associated with worse hardship and stress outcomes in later life by the children of those recipients. These results are similar to those obtained by analysing HILDA, even though we are examining a much longer time lag (of up to 10 years) between the receipt of CRA and the outcomes of the children.

What is different is that after controlling for a range of socio-economic, demographic and household factors, we find two principal areas in which CRA does improve the later outcomes of LSAC study children, as:

- the probability of experiencing homelessness is reduced
- the probability of experiencing university study is increased.

However, the relationship between receipt of CRA at the homelessness and university study variable is not linear. We find that a binomial variable representing receipt of CRA is in fact a positive predictor of homelessness and a negative predictor of university study. But the amount of CRA received turns these effects into negative / positive effects respectively when the amount of CRA received is above a threshold level.

The threshold relates to the amount of CRA in Waves 3–5 of LSAC (calendar years 2008 through 2012) when the maximum amount of CRA that could be received under the Family Tax Benefit (FTB) rules ranged between $63 and $104 per week. In that context, the $70–$72 threshold reveals three observations:

1. An increase in the level of CRA payment would have a non-linear reduction in probability of children experiencing homelessness, and a non-linear increase in their probability of experiencing university study.
2. Families at the higher end of CRA eligibility experience a stronger positive effect, which suggests that larger families receive more advantage from the subsidy than smaller families.
3. Only families that use CRA to choose higher levels of housing consumption maximise future positive outcomes for their children.

The study

Existing research has shown a connection between housing and wellbeing, and life-course studies have demonstrated that housing-related disadvantage, and advantage, are transmitted through generations.

Thus, focussing government assistance on interventions that are effective and appropriately targeted has the potential to increase wellbeing, reduce intergenerational disadvantage and produce long-term solutions to housing inequality and other facets of disadvantage.

This study uses both the Longitudinal Study of Australian Children (LSAC) survey dataset and the Housing, Income and Labour Dynamics in Australia (HILDA) survey data to understand the impact of CRA on homelessness, financial insecurity, health, wellbeing, and the intergenerational transmission of disadvantage.

The LSAC uses a representative sample of 10,000 Australian children from two distinct age cohorts. In this study, we use Waves 3–9 of LSAC data across both the B cohort (children 0–1 years of age) and the K cohort (children 4–5 years of age), covering the years 2008–2021. Families receiving CRA in Waves 5–6 are identified and the later outcomes of their children are examined through advanced analytical and econometric models designed to answer the research questions. The receipt of CRA in Waves 7–9 is not relevant to the questions, and is not imputed by the methods.

With around 3 million children in households that receive CRA—in other words, around 30 per cent of all CRA households—there is a significant opportunity to understand the transmission of intergenerational disadvantage, and to ensure government resources are appropriately targeted to achieve the best possible outcomes for disadvantaged families.

1. Introduction

- **Commonwealth Rent Assistance (CRA) is an income supplement for low-income private renters. Its purpose is to improve housing outcomes for those on low incomes.**
- **CRA is the largest expenditure on housing assistance in Australia, and it is likely to grow given recent policy changes and trends in housing.**
- **However, the effectiveness of the CRA is a subject of debate.**
- **A strong connection exists between housing and wellbeing outcomes.**
- **Disadvantage (and advantage) are transmitted through generations, and curbing parental disadvantage has the potential to improve outcomes for children.**
- **This research uses the Longitudinal Study of Australian Children (LSAC) and Housing, Income and Labour Dynamics in Australia (HILDA) survey data to understand the impact:**
    - of CRA on likelihoods of being homeless or financially insecure, and on having poor health and wellbeing outcomes
    - of the transmission of intergenerational disadvantage on CRA recipients.

1.1 Housing unaffordability in Australia

More and more Australian households are experiencing housing unaffordability. This is particularly pronounced in low-income and privately renting households (Leishman, Rowley et al. 2017) (Low income in this case refers to households on the bottom two quantiles of income distribution). According to the Productivity Commission (2022), 66 per cent of private renters with low incomes spent over 30 per cent of their income on rent in 2019–2020—and about 20 per cent of them spent over 50 per cent of their income on rent. Households that were not in the low-income category only spent 19 per cent and 1.5 per cent, respectively. Additionally, intergenerational transmission of disadvantage is becoming more prevalent in Australia (Cobb-Clark 2019), with calls for greater policy action and social programs to address this issue (Vera-Toscano and Wilkins 2020).

1.2 Increasing the CRA

In Australia, a growing number of low-income private renters are encountering rental unaffordability problems. The Australian Government provides CRA as an income supplement for low-income private renters to improve their housing outcomes and enable them to secure a property in the private-rental market or community housing. In the 2023–2024 federal Budget, the Australian Government increased the CRA payment amount (Australian Government 2024).

This increase spurred our interest in understanding the impact of CRA receipt and the payment increase on improving the housing outcomes of vulnerable people. The Productivity Commission (2022) also called for evidence-based research to study the effectiveness of CRA as a priority in the review of the National Housing and Homelessness Agreement (NHHA).

1.3 The impact of CRA on low-income privately renting parents and children

The Australian Government provides CRA as a non-taxable income supplement for low-income households. According to data from the Australian Institute of Health and Welfare ([AIHW] 2022), about 1.5 million income units received CRA, and the median pay was $138 per fortnight for each income unit in June 2021. The total CRA expenditure was $5.3 billion in 2020–2021. To alleviate high costs of living, the Australian Government announced a CRA payment increase in the 2023–2024 Budget (Australian Government 2024).

1.3.1 The impact of CRA on housing

There is evidence that CRA improves housing outcomes for low-income private renters. For example, the Pension Review (2009) reported that CRA was able to ease rental stress for some pensioners who were paying high rents. The Parliament of Australia (2015) revealed that the CRA spending resulted in a 27-percentage point reduction in the number of low-income private renters in housing stress. The AIHW (2022) reported that nearly 73 per cent of CRA recipients would have been in rental stress if they did not receive the CRA payment.

However, the effectiveness of CRA has long been a subject of debate. The Henry Review (2010) suggested that CRA was not sufficient to support recipients to obtain an adequate level of housing. The National Commission of Audit (2014) suggested that CRA should have extended its current scope to public housing tenants. Anglicare reported that CRA was not effective in reducing rental stress for those in the greatest need even after the payment increase announced in the 2023–2024 federal Budget (Convery 2023).

1.3.2 Financial, wellbeing and health impacts of CRA

While the effects of CRA receipt on housing outcomes are unclear, significant evidence exists of empirical associations between housing and financial, wellbeing and health outcomes. McNamara, Tanton et al. (2007) suggested that housing costs had negative impacts on financial outcomes in renters, particularly those in regional Australia. Dockery, Kendall et al. (2010) and Ong, Dockery et al. (2013) established empirical relationships between housing outcomes and children's development and wellbeing. Parkinson, Ong et al. (2014) showed that concentration of social housing was negatively related to renters' wellbeing, and that renters felt happier if they resided in a neighbourhood with less concentration of social housing. Ong ViforJ, Singh et al. (2022) argued that renters who were housed precariously experienced lower levels of wellbeing. While young and old people were more likely to be living in precarious housing, single and low-income households who rented privately in major cities had lower wellbeing if they were precariously housed (Ong ViforJ, Singh et al. 2022). Brackertz, Wilkinson et al. (2018; 2020) established empirical relationships between housing stress and poor health outcomes.

If there is empirical support for the link between CRA and improving the housing outcomes of low-income privately renting parents and their children, the payment increase could plausibly play an active role in improving their financial, health and wellbeing outcomes too.

1.3.3 Intergenerational transmission of disadvantages

Several Australian studies have presented evidence that the social and economic outcomes of one generation could influence the outcomes of the next generation. For example, Barrett, Cigdem et al. (2015) found that parents' intergenerational transfers can improve their children's housing and economic outcomes. Flatau, Conroy et al. (2013) found that children and youths were more likely to be homeless if their parents were also homeless. In other words, (dis)advantages in social and economic outcomes transmit from one generation to the next. Therefore, if parents' housing, financial, health and wellbeing outcomes are improved by CRA, their children could experience less disadvantage.

1.4 Policy implications

This project addresses several policy issues:

- It broadens understanding of the role of CRA (and the recent payment increase) in housing, financial, wellbeing and health outcomes of low-income privately renting parents and children.
- As countries such as Australia increasingly incorporate wellbeing frameworks into policy decisions and evaluation (Exton and Shinwell 2018), this project provides empirical evidence of CRA's effectiveness as a welfare-enhancing program.
- It broadens policy-makers' understanding of the role that CRA plays in the wellbeing of both children and parents in low-income private-rental households—thus offering insights into ways that CRA might be redesigned to improve the wellbeing of children as well as adults.
- As policy commentators call for more action regarding the intergenerational transmission of disadvantages, this project presents evidence of how CRA can contribute to addressing this issue.

1.5 Aims of this project

This project has two aims. Firstly, it employs an underutilised data source—the Longitudinal Study of Australian Children (LSAC)—and conducts empirical analysis to understand the impact of CRA receipt and the payment increase on housing, financial, health and wellbeing outcomes for low-income privately renting parents and their children.

Thus far, Ong, Dockery et al. (2013) is the only AHURI study that has used LSAC survey data (Waves 1–3). Since 2013, the LSAC survey has continued through to the commencement of Wave 11 fieldwork in May 2025. Secondly, extending Ong, Dockery et al. (2013), this project studies the role of CRA in intergenerational transmission of disadvantages from low-income privately renting parents to their children—in terms of having poor housing, financial, wellbeing and health outcomes.

With the extended LSAC survey data, this research uses bivariate analysis and logistic/probit models to examine the effect of CRA receipt on low-income privately renting parents' and their children's outcomes. This includes health, wellbeing, precarity and educational outcomes.

While there is increasing recognition of using wellbeing frameworks to develop and evaluate policies and social programs, this project provides empirical evidence of the link between CRA and wellbeing enhancement. The Productivity Commission (2022) revealed that CRA accounted for the most government spending on housing assistance programs in 2020–2021. The spending for this category will grow because of the reform announced in the 2023–2024 federal Budget. This project offers a better understanding of this reform, and provides advice on other programs that also aim at improving housing affordability for low-income and privately renting households.

Developing an evidence-base of any links between CRA and intergenerational disadvantage will assist with the development of policy that seeks to address issues of intergenerational disadvantage.

1.6 Research questions and methods

1.6.1 LSAC survey data

The LSAC survey commenced in 2003–2004 with 10,000 representative children from urban and rural areas of all Australian states and territories.[3] The LSAC also includes data about the childrens' parents. The survey is conducted biennially and follows these children into adulthood. The LSAC survey questions span themes of housing, parenting, family relationships, education, childcare, employment, income and health.

The LSAC data is an underutilised data source in housing research. So far, Ong, Dockery et al. (2013) is the only AHURI study that has used the LSAC data (Waves 1–3) to establish empirical relationships between housing and children's development and wellbeing.[4] After this 2013 study, the LSAC survey has continued through to the most recent wave at time of writing, Wave 11, which commenced in May 2025. This project uses the data from Wave 3 to Wave 9. More importantly, this project will extend Ong, Dockery et al. (2013) to study if granting CRA and increasing the CRA payment to low-income privately renting parents can lower the likelihood of their children having poor housing, financial, health and wellbeing outcomes.

We will now elaborate on how the LSAC data is used to conduct the analysis.

3 Of the 10,000 children, 5,000 were aged 0—1 year and 5,000 were aged 4—5 years.
4 Dockery, Kendall et al. (2010) is an AHURI scoping study that recommends that LSAC is used in future research programs that address developmental outcomes for children in Australia

1.6.2 CRA receipt and rental payment after the CRA subsidy

The LSAC survey contains questions about parents' CRA receipt status. Additionally, under the current housing theme, the LSAC survey documents the weekly household rental payment (after the CRA subsidy).

1.6.3 Housing outcomes

Under the housing security theme, the LSAC survey has several questions asking if parents and their children have experienced poor housing outcomes. Among them, survey participants are asked if:

1. They are currently without a permanent place to live.
2. They have encountered incidents of being without a permanent place to live in the last two years.

If the answer is yes for the first question but no for the second question, participants are categorised in this project as temporarily homeless. If participants reply yes to both questions, they are are categorised as *chronically homeless*. The definitions of temporary and chronic homelessness are similar to those developed by the Australian Bureau of Statistics ([ABS] 2012).

In a third question, participants are asked if they have paid rent late over the last 12 months. These questions can effectively measure the possible housing outcomes of low-income private-renters who struggle with rising housing costs.

1.6.4 Financial outcomes

Evidence reveals that low-income privately renting parents and their children have to sacrifice meals, electricity and gas in order to keep their rental property (Willis 2022). After paying rent, they end up being hungry or unable to pay other bills on time—or at all. The LSAC survey has a series of questions about whether parents and their children have encountered the following incidents over the last 12 months due to shortage of money:

- whether they have gone without meals
- whether they have been unable to heat or cool their home
- whether they have not been able to pay gas, electricity or phone bills on time.

These LSAC survey questions can be used to measure the real financial outcomes of low-income privately renting households.

1.6.5 Wellbeing and health outcomes

Low-income privately renting parents and their children are likely to undermine their health to keep a roof over their heads. The LSAC survey includes a question about the general health outcomes of parents and their children. Additionally, LSAC contains questions about children's ongoing specific health conditions, the number and type of injuries, hospitalisation, indicators of speech, understanding difficulties and emotional development. This project includes all these questions to measure wellbeing and health outcomes of low-income privately renting parents and their children.

1.6.6 Research methods

This project uses advanced analytical and econometric models to understand differences in housing, financial, health and wellbeing outcomes between:

- the treatment group—low-income privately renting parents and their children with CRA receipt or payment increase, and
- the control group—low-income privately renting parents and their children without CRA receipt or payment increase.

1.6.7 Research questions

This research was structured around the research questions outlined in Table 1.

Table 1: Research questions, data sources and methodology

Research question	Data sources	Methodology (including data sources)
1) What are the effects of CRA receipt on housing, financial, wellbeing and health outcomes of low-income and privately renting parents and their children?	Household Income and Labour Dynamics Australia (HILDA) survey	Method 1: Employ bivariate analysis and summary statistics to study the impacts of CRA receipt on the housing, financial, health and wellbeing outcomes of low-income privately renting parents and their children.
2) As the Australian Government announced a CRA payment increase in the 2023–2024 Budget, what are the impacts of this payment increase on housing, financial, wellbeing and health outcomes of low-income and privately renting parents and their children?	The Longitudinal Study of Australian Children (LSAC) survey (Waves 1–9)	Method 2: Employ panel logistic/probit models to identify the link between CRA receipt and the low–income privately renting parents' and their children's conditional probability of being temporarily and chronically homeless, financially insecure, and in a poor health and wellbeing outcome.
3) What is the role of CRA in affecting intergenerational transmission of disadvantages (in terms of having poor housing, financial, health and wellbeing outcomes) from low-income and privately renting parents to their children?		Method 3: Employ microsimulation to understand the impact of increasing the CRA payment on the conditional probability of having poor housing, financial, health and wellbeing outcomes of low-income privately renting parents and their children.

Source: Authors.

2. The CRA policy context

- **Rental assistance programs in Australia can be broadly divided into supply-side and demand-side, with CRA being the key demand-side program.**
- **Housing and wellbeing are connected, but not all housing interventions provide equal wellbeing outcomes**
- **The federal government spends approximately $5 billion per year on CRA.**
- **Around 30 per cent of CRA recipient households have dependent children, totalling around 3 million children.**
- **Policy commentators have noted several failings of CRA: it is too low; it promotes higher rents; it does not offer protection from rental insecurity; and it does not improve wellbeing.**
- **Research has shown that CRA has been poorly targeted. Opportunities exist to improve targeting while generating fiscal savings.**

Broadly speaking, the Australian social-housing ecosystem includes two primary tranches: means-tested public housing for a small and decreasing number of households, alongside a larger community housing and private-market sector that is buoyed by government intervention (Hulse 2003).

A characteristic of this dual system is that:

> *governments assume that households will be able to access market housing with the additional purchasing power of housing allowances but without a high level of institutional support for the private-rental sector. (Hulse 2003)*

In real terms, government intervention and social housing spending in Australia have declined significantly since the post-war period, in which government interventions, not market interventions, were seen as key to resolving housing problems (Dufty-Jones 2018). Subsequently, when social democratic governments have instigated increased spending on social housing (such as the Rudd Labor government's distinct break with the long-established neoliberal stance in 2009), spending has still been deemed insufficient in scale (Milligan and Pinnegar 2010).

2.1 CRA and the impact of housing support programs

2.1.1 Increasing pressure on CRA

The CRA program is a key private-market sector intervention in which eligible households are provided with a non-taxable income supplement to enable them to rent in the private market. CRA is likely to be under increasing pressure in the coming years, with predictions that Australians will be more likely to depend on renting for longer as housing becomes increasingly unaffordable (Yates 2000).

Wood, Ong et al. (2020) looked specifically at the demographic of retirees, and showed that the ABS-anticipated growth in numbers of retirees will coincide with retirement home ownership becoming increasingly unattainable for those on lower incomes, those who are single, and for women. Such retirees may become more dependent on non-traditional housing, such as manufactured home estates, supported by CRA, as traditional housing becomes out of reach (Towart and Ruming 2022).

Modelling by Wood, Ong et al. (2020) showed that if home ownership in retirement falls by 5 per cent, there will be a three-fold increase in demand for CRA. Further, they found that if it falls by 15 per cent, the increased demand on CRA will be six times that of the 2011 level. The cost to the government of this increase in this demographic alone is significant—and will be compounded by the recent announcement in the 2024–25 federal Budget of an up to 10 per cent increase in CRA to address cost-of-living pressures on low-income households (Australian Government 2024). Given the budgetary implications of these pressures on CRA, it is pertinent to investigate the efficacy of the program.

2.1.2 Housing and wellbeing

The connection between housing and wellbeing has been established through a significant body of research. Dockery, Kendall et al. (2010) and Ong, Dockery et al. (2013) demonstrated the intergenerational relationship between housing outcomes and children's development and wellbeing. Parkinson, Ong et al. (2014) showed that concentrations of social housing have been negatively associated with renters' wellbeing, and Ong ViforJ, Singh et al. (2022) argued that renters who are housed precariously experienced lower wellbeing.

Meanwhile, it has been found that precarious single and low-income households who rent privately in major cities also have lower wellbeing (Ong ViforJ, Singh et al. 2022). Brackertz, Wilkinson et al. (2018) and Brackertz, Borrowman et al. (2020) established empirical relationships between housing stress and poor health outcomes, and McNamara, Tanton et al. (2007) showed that housing costs had negative impacts on financial outcomes in renters—particularly those in regional Australia.

In an important study of the wellbeing dividend of various housing assistance interventions in Australia, Beer, Baker et al. (2011) found that efficacy varies across the three major programs (homeownership assistance, private rental assistance, and public housing pathways). They demonstrated that:

- households being assisted into homeownership reported the most significant wellbeing impacts across all reported areas
- households receiving private-rental assistance reported the lowest levels of positive effects across all areas—including impact on social relationships, physical health, mental health, education, ability to get a job, and financial situation.

Overall, private-rental assistance was seen to offer the lowest wellbeing dividend of the programs, behind both programs that assisted households enter home ownership and those that provided a pathway into public housing.

Beer, Baker et al. (2011) found that while all three programs offered substantial non-shelter benefits, recipients of private-rental assistance were subject to the stressors of the private-rental market—such as lack of housing security, and *'being at the mercy of ruthless landlords and agents'* (2011: 1186). Over three-quarters (78%) of households that were receiving private-rental assistance reported they were in high levels of housing stress despite receiving the assistance. This demonstrates that:

- housing and wellbeing are connected
- not all housing interventions provide equal wellbeing benefits.

2.1.3 Housing, poverty and educational attainment

Access to education has been described as a *'passport out of poverty'* (McNamara, Harvey et al. 2019). It has been argued that education is essential for participation in a fulfilling life, and that poverty measurements in Australia must take a holisitic approach that includes education (Callander, Schofield et al. 2014).

Numerous studies have shown that educational attainment improves socio-economic status across various measures. Tilak (2002: 191) showed that although direct measures such as the provision of food, employment and income can have immediate positive impacts, indirect measures including the provision of education *'enable people to earn or increase their earnings so as to get out of the poverty trap'*. This, according to Tilak, provides long-term, effective and sustainable gains. Furthermore, Awan, Malik et al. (2011) showed that the higher the education level, the higher the chance that an individual can break out of poverty. Therefore, an individual with a university degree has a greater chance of breaking out of housing stress and poverty than an individual with a high school qualification.

2.1.4 Transmission of intergenerational disadvantage

Life-course studies have found that disadvantage is transmitted through generations, and the economic circumstances of one generation are often repeated in the next (Cobb-Clark 2019).

Flatau, Conroy et al. (2013) found that children and youths were more likely to be homeless if their parents were also homeless. Hedman, Manley et al. (2015) found that children who lived in high-poverty neighbourhoods with their parents were likely to experience negative effects on their income in adulthood. This effect continued up to 17 years after the children had left the parental home, which indicates the long-term influence of parental economic circumstances on their children.

Similarly, advantage can be transferred through the generations. Barrett, Cigdem et al. (2015) found that parental transfer of housing to their children can improve children's housing and economic outcomes. Therefore, if parents' economic circumstances are improved through housing interventions, this has the potential to curb the intergenerational transmission of disadvantage.

2.1.5 Effective targeting of housing support

It is important that housing intervention is appropriate, effective and targeted. Ong ViforJ, Singh et al. (2022) estimated that between one-third and one-half of households receiving CRA are in moderate to very severe housing stress. This implies that CRA support is insufficient to relieve housing stress—and an increase to CRA may support these households to reduce their housing stress.

Ong ViforJ, Singh et al. (2022) also pointed out that there is an error rate of approximately 41 per cent in terms of targeting CRA to households in need. According to their analysis, an increase in CRA payments may not assist households in the greatest need because about 18 per cent of households in housing stress do not receive CRA. Therefore, they argue that a reassessment of which households qualify for and receive CRA is an essential reform.

Furthermore, while an increase in CRA may appear to be a sensible measure to achieve the goal of reducing housing stress, as Beer, Baker et al. (2011) found, the relationship between housing interventions and their impact on wellbeing is complex and multifaceted. Owens and Clampet-Lundquist (2017) found that housing assistance alone was unlikely to address mobility out of high-poverty neighbourhoods and that a holistic approach that addressed, for example, the significant effects of social and family ties, was required to alleviate intergenerational housing poverty.

In addition, Jacobs, Natalier et al. (2007) found that vulnerable tenants require more than just rental assistance programs. Their study of one-off private-rental support programs demonstrated that vulnerable tenants' needs are not just financial. Vulnerable tenants face discrimination and are subject to *'illegal and irregular'* actions from private landlords, demonstrating that relying on private-rental assistance without providing institutional support to vulnerable tenants is unlikely to have positive long-term outcomes.

2.2 Rental-assistance programs in Australia

Australia has two main rental-assistance programs that assist low-income renters, which can broadly be divided into supply-side and demand-side programs.

Supply-side rental assistance constitutes subsidised housing typically rented out by state and territory housing authorities at rebated rents to tenants who meet strict income and asset eligibility limits. In Australia, eligible public housing tenants pay rebated rents that are usually set at around 25 per cent of assessable household income. The subsidy is therefore in-kind in nature, and constitutes the difference between the rebated rent and the market rent for the property occupied by the public housing tenant (Ong, Pawson et al. 2020).

Demand-side rental assistance usually takes the form of cash payments or housing vouchers paid directly to the tenant. In Australia, the key demand-side rental assistance program is CRA, which is paid as an income-support supplement to low-income renters who are renting privately from landlords, community housing providers, or Indigenous housing organisations. Eligible tenants must qualify for a pension, allowance, or more than the base rate of Family Tax Benefit Part A (a payment to low income families to assist with the everyday costs of raising children), and their rents must exceed the minimum threshold applicable to their household type (Department of Human Services 2024; Ong ViforJ, Pawson et al. 2024).

2.3 The cost of CRA

CRA is a substantial federal government expenditure, approximating $5.5 billion in the 2023-2024 financial year (Centre for Excellence in Child and Family Welfare 2025). As reported in Table 2, the total federal government expenditure on CRA rose from $4.9 million in 2018–19 to $5.7 million in 2020–21, before dropping again to $4.7 million in 2022–23.

Table 2: Annual real government expenditure on CRA, 2018–19 to 2022–23, at 2022–23 price levels

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
2022–23 ($ million)	1,571.1	1,036.2	1,201.7	385.0	344.3	137.9	33.7	25.2	4,735.7
2021–22 ($ million)	1,656.6	1,103.9	1,297.8	424.3	364.5	139.8	37.6	27.4	5,052.3
2020–21 ($ million)	1,839.3	1,277.3	1,461.8	498.7	404.1	143.6	44.6	33.5	5,703.2
2019–20 ($ million)	1,629.4	1,100.9	1,302.1	447.9	370.7	134.4	37.4	28.1	5,051.2
2018–19 ($ million)	1,549.8	1,071.6	1,260.3	428.7	369.7	136.3	36.4	25.5	4,878.4

Source: Productivity Commission (2024).

2.4 Dependent children in CRA households

Table 3 shows that around 30 per cent of CRA income units have dependent children. The percentage is consistent across states and territories, with the exception of the Northern Territory where the share of CRA income units with dependent children sits at a quarter (26%), well below the national average of almost a third (31%).

In total, this is a sizable population, comprising around 388,300 income units nationally that receive CRA. Within these income units, over three-quarters of a million (776,400) dependent children are present and eligible for CRA.

Table 3: Income units receiving CRA by state and territory, 2022–23

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Percentage by column									
Single, with dependent children	19.4	19.2	21.9	21.8	20.8	22.8	15.3	21.9	20.3
Couple, with dependent children	11.0	11.2	9.9	9.1	8.7	8.0	10.6	8.8	10.4
Single, no dependent children	59.6	61.1	58.0	60.3	62.2	60.9	67.8	62.7	59.9
Couple, no dependent children	9.6	8.1	10.0	8.5	8.0	8.2	6.0	5.6	9.1
Couple, illness or temporarily separated	0.3	0.2	0.3	0.3	0.3	0.2	0.3	0.9	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Count ('000s)									
Single, with dependent children	80.3	53.4	70.3	23.0	19.5	8.2	1.5	1.5	257.6
Couple, with dependent children	45.5	31.3	31.7	9.6	8.2	2.9	1.0	0.6	130.7
Single, no dependent children	246.2	169.8	186.4	63.6	58.3	22.0	6.4	4.3	757.3
Couple, no dependent children	39.8	22.6	32.1	9.0	7.5	3.0	0.6	0.4	114.9
Partnered, illness or temporarily separated	1.1	0.6	0.9	0.4	0.3	0.1	0.0	0.1	3.5
Total	412.9	277.7	321.4	105.5	93.9	36.1	9.5	6.9	1263.9
CRA eligible dependent children in income units	253.3	168.8	206.4	63.7	53.5	21.8	4.8	4.1	776.4

Source: Productivity Commission (2024).

2.5 Advantages and disadvantages of CRA

Many policy commentators have highlighted the in-principle advantages of demand-side rental assistance such as CRA. These commentators argue that given its portable nature, it directly boosts the purchasing power of rental-assistance recipients and should increase housing choice (AIHW 2022).

However, other researchers have noted that any increase in demand-side rental assistance may be shifted into higher rents (Ong, Pawson et al. 2020; Viren 2013). Furthermore, demand-side rental assistance does not offer direct protections against tenure insecurity, which is pervasive across the private rental sector (Hulse, Milligan et al. 2011; Ong ViforJ, Hewton et al. 2023).

Previous AHURI research has found that demand-side rental assistance does not improve the wellbeing of precariously housed low-income adult renters (Ong ViforJ, Singh et al. 2022).

Furthermore, studies have generated evidence that CRA is inadequate to achieve benchmark affordability outcomes and is poorly targeted (Ong, Pawson et al. 2020; Ong ViforJ, Pawson et al. 2024; Wood, Ong et al. 2011).

Policy bodies also agree that CRA has fallen well behind rent inflation (Productivity Commission 2017; Senate Economics Reference Committee 2015). In recognition of the inadequacy of CRA, recent federal Budgets have contained provisions to increase the CRA maximum rate by 15 per cent in September 2023 and another 10 per cent in September 2024 (Australian Government 2024). However, the structure of CRA has remained unchanged, despite studies showing that it is possible to improve targeting of CRA for those in rental stress while generating fiscal savings (Ong, Pawson et al. 2020; Ong ViforJ, Pawson et al. 2024).

2.6 CRA thresholds and rates

The most recent CRA minimum rent thresholds and maximum rates at the time of writing of this report (2025) are set out in Table 4. The thresholds and rates vary according to income unit type—for example, whether the income unit is single or partnered, and the number of dependent children. They also vary by whether the CRA income unit shares the dwelling with others. CRA thresholds and rates have been indexed over time, but the structure has remained largely similar in recent decades.

Among income units with no children, the fortnightly minimum rent threshold is $149 (singles) and $241.40 (couples). This threshold is around $47 per fortnight higher for each income-unit type with children, rising to $195.58 for singles with children and $289.24 for couples with children. (See Table 4.)

The maximum CRA rates are also higher for income units with children, and increase by over $30 per fortnight as the number of children rise from zero to one to two, to three or more. For instance, among singles, the maximum fortnightly CRA rate rises from:

- $211.20 for those without children
- $248.22 for those with 1–2 children
- $280.42 for those with 3 or more children.

Table 4: CRA fortnightly rates and thresholds, by income unit type, as at 20 September 2024

Recipient status	Rent threshold (no payment unless fortnightly rent is more than)	Rent ceiling (maximum payment if fortnightly rent is at least…)	Maximum CRA payment per fortnight
No dependent children			
Single	$149.00	$430.60	$211.20
Single sharer	$149.00	$336.74	$140.80
Couple combined	$241.40	$506.74	$199.00
Member of a couple who is separated due to illness, respite care or imprisonment	$149.00	$430.60	$211.20
Member of a couple who is temporarily separated	$149.00	$414.34	$199.00
With dependent children			
Single, 1–2 children	$195.58	$526.54	$248.22
Single, 3+ children	$195.58	$569.46	$280.42
Couple, 1–2 children	$289.24	$620.20	$248.22
Couple, 3+ children	$289.24	$663.14	$280.42

Source: Department of Human Services (2024).

3. The descriptive statistics of outcomes for CRA recipients

- **HILDA is a heavily used longitudinal survey dataset in housing research.**
- **We revisit previous studies by examining the relationships between the receipt of CRA and later outcomes using the HILDA dataset.**
- **Our analysis shows that receipt of CRA is associated with negative outcomes in terms of health, wellbeing and satisfaction.**
- **However, the receipt of CRA is not random, and it is nearly impossible to control for all the unobserved factors that contribute to deprivation and hardship.**
- **This chapter provides useful framing and a comparator for the LSAC analysis in Chapter 4.**

3.1 CRA and outcome measures

In this chapter we report on an analysis of the relationships between the receipt of CRA and a range of outcome measures: general health, material deprivation and satisfaction with home and neighbourhood. We do this using the HILDA survey, which is the best known and the longest-running panel survey dataset of its kind in Australia and has been used to great effect to explore housing and neighbourhood conditions and outcomes in numerous previous AHURI projects. Given that this project was primarily motivated by the use of the LSAC survey dataset, carrying out an exploratory initial analysis of HILDA was done to provide a baseline and a comparator for the later results.

3.1.1 Data and sample

The data is drawn from the HILDA survey—a longitudinal survey that tracks a nationally representative sample of households over time. Data is collected annually and categorised into waves, where Wave 1 represents 2001, Wave 2 represents 2002 and so on (Melbourne Institute n.d.). We employ data from 2001 to 2020 in this analysis.

We analyse a sample of low-income private renters and community housing tenants who are eligible for CRA, having at least one dependent child in the household aged 0–14 years old. Renters are classified as low-income if they are in the lowest 40 per cent of the real, equivalised, national household income distribution. We only analyse those who provided a full interview in person or by phone, and omit any multi-family or group households.

Three different outcomes are analysed using HILDA data: general health, material deprivation and satisfaction.

3.1.2 General health

In order to analyse respondents' health, we utilise the SF-36 general health measures. The SF-36 health measures are one way of measuring an individual's level of wellbeing in the HILDA survey. The measures are drawn from a short survey containing 36 different questions about dimensions of health (Ware 2000), five of which relate specifically to general health.

These questions ask the respondent about their self-assessed health. For example, they ask whether they get sick easier than others, are they as healthy as others they know, do they expect their health to get worse, and do they think their health is excellent.

This variable is scored from 0–100, with a higher score indicating better general health. The SF-36 measures have seen use in numerous studies in the literature linking housing to wellbeing and health outcomes (Baker, Lester et al. 2020; Hewton, Ong ViforJ et al. 2023; Ong ViforJ, Singh et al. 2022).

3.1.3 Material deprivation

A range of questions in the HILDA survey ask respondents if they have experienced some form of material deprivation. The questions include whether, due to a shortage of money, they have experienced the following in the year:

- Could not pay electricity, gas or telephone bills on time.
- Could not pay mortgage or rent on time.
- Pawned or sold something.
- Went without meals.
- Were unable to heat their home.

We employ a variable[5] that indicates an individual is experiencing material deprivation if they experience at least one of these five different measures in the year leading up to their interview.

3.1.4 Satisfaction

There are several different questions in the HILDA survey that record a person's self-evaluation of their satisfaction. Each of these measures is scored on a scale from 0–10, where 0 represents totally dissatisfied and 10 represents totally satisfied. We investigate the following satisfaction dimensions:

- Satisfaction with employment opportunities.
- Satisfaction with the home.
- Satisfaction with the neighbourhood.

5 We experimented using a count outcome variable indicating between 0–5 how many forms of material deprivation experienced in an ordinary least squares (OLS) linear model, and a Poisson count model, and found they provided the same key findings.

3.1.5 CRA and rental cost

We incorporate three separate variables across different models related to the dollar value of CRA received, rental costs and the proportion of rent that a person's CRA payments contribute to, all in fortnightly and real terms:

1. Dollar value of CRA received fortnightly, and converted to 2022 price levels.
2. Dollar value of rent cost fortnightly, and converted to 2022 price levels.
3. Ratio of fortnightly CRA dollar value received as a percentage of fortnightly rental cost, both converted to 2022 price levels.

The third indicator is calculated by taking an individual's fortnightly CRA payment received (e.g. $100), taking their fortnightly rental costs (e.g. $500), and working out the percentage of rent costs that the CRA payment contributes to (i.e. 20%).

3.1.6 Controls

A range of controls is employed in the linear and logistic regressions. These include: age, number of dependent children, presence of a long-term health condition, marital status, employment status, highest education level, major statistical region, and calendar year.

3.2 Modelling strategy

We employ panel data regression modelling to uncover the causal link between CRA and the different outcomes. Either an ordinary least squares (OLS) or logistic regression analysis is employed—dependent on whether we are analysing a linear or binary outcome, respectively.

We determine whether a fixed effects or random effects estimator is more appropriate for the regression modelling by employing a Hausman test. This test compares the two estimators and determines which provides more consistent estimates. The test results indicate that a fixed effects specification is more appropriate than a random effects estimator (Hausman 1978).

The fixed effects estimator removes the bias of unobserved heterogeneity linked with differences between individuals to the extent that the unobserved heterogeneity is constant over time (see Baker, Bentley et al. 2013; Bentley, Baker et al. 2011). By omitting factors such as fixed personality traits, the models produce estimates that are not confounded by these differences between individuals that may not be accounted for in the model. Thus, these models allow for stronger causal inference by focussing on changes within individuals only (Ong ViforJ, Singh et al. 2022).

3.2.1 Fixed effect linear regression

We employ OLS linear regression to estimate the effect of CRA on general health and satisfaction outcomes, as these are scored on a continuous scale from 0–100 and 0–10, respectively. The fixed effects linear regression specifications are expressed algebraically as follows:

$$GH_{i,t+1} = \beta^* CRA_{it} + \delta^* X_{it} + \Phi_i + \varepsilon_{it}$$

$$Satisfaction_{i,t+1} = \beta^* CRA_{it} + \delta^* X_{it} + \Phi_i + \varepsilon_{it}$$

Where *i* indexes individuals and t time. Φ_i represents the time-invariant characteristics controlling for unobserved heterogeneity such as personality traits, while ε_{it} indicates the random error term. $GH_{i,t+1}$ and $Satisfaction_{i,t+1}$ represent the SF-36 general health and satisfaction outcomes, respectively. CRA_{it} indicates the CRA value, rent cost and CRA-to-rent-cost ratio variables, while *X* indicates a vector of controls that capture socio-demographic and human capital characteristics, geography and calendar year. Each outcome is measured at time *t*+1 and matched with CRA and control variables at time *t*. This approach aims to address potential endogeneity concerns due to reverse causality by matching the CRA predictors and controls observed in one year with the outcome a year later.

3.2.2 Fixed effect logistic regression

We employ a non-linear regression model to estimate the impact of CRA on the probability of experiencing material deprivation, as this outcome is a binary indicator that indicates whether or not an individual reports experiencing material deprivation. The fixed effects logistic regression specification is expressed algebraically as follows:

$$ProbMD_{i,t+1} = \frac{1}{1 + e^{-(\beta^* CRA_{it} + \delta^* X_{it} + \Phi_i + \varepsilon_{it})}}$$

Where $ProbMD_{i,t+1}$ represents the probability of individual *i* at time *t*+1 experiencing material deprivation. The coefficients from the logistic regression model can be exponentiated to construct odds ratios, which are easier to interpret than the raw coefficients. If the odds ratio of a predictor is greater (less) than 1, individuals with the characteristic represented by the predictor are more (less) likely to experience material deprivation than the reference predictor category.

3.3 Results

As noted above, the analysis focuses on individuals whose household receives CRA at time t and examines subsequent outcomes. In this chapter, 'subsequent' is defined as one year later (*t*+1). A different temporal framing is adopted in later chapters.

We estimate and report on a number of econometric models, as described in the methodological overview (Section 3.2). We input a combination of CRA and rent cost values into the models in three different forms:

1. Fortnightly real value and rent cost.
2. CRA as a percentage of fortnightly rent and rent cost.
3. CRA as a percentage of fortnightly rent only (without rent cost).

Table A11 in the Appendix summarises the relationship between receipt of CRA and general health.

The models are all overall significant (as per the F-statistic) and the sample size is robust, comprising over 7,000 person-period records spanning 20 years. The results show that receipt of CRA is statistically insignificant, even after controlling for a wide range of other socio-economic, demographic, temporal and geographical effects. In all three models, the CRA coefficient is positive but the coefficient magnitude is close to zero. This indicates that when controlling for other factors, general health is not impacted by CRA. Rent cost values also do not impact general health.

On the other hand, age and health matter, with relatively younger age groups linked to better self-assessed general health, and long-term health conditions depressing self-assessed general health. The year indicators are also highly significant, pointing to a clear decline in self-assessed general health over time.

Table A12 in the Appendix summarises the results of the material deprivation model. Once again, CRA does not appear to have an impact on the odds of experiencing material deprivation. However, the models do show that higher rent levels are associated with raised odds of experiencing material deprivation after controlling for other factors. Specifically, with every $1 increase in fortnightly rent cost, there is a small but statistically significant increase in the odds of experiencing material deprivation of 0.1 percentage points.

Of the other predictors, the most important one appears to be marital status, with divorce and separation being the most important drivers of material deprivation, associated with 2.5 and 2.1 times raised odds of experiencing material deprivation, respectively, relative to being married. Not unexpectedly, being single and never married is also an important determinant of being in deprivation (when compared to the couple living arrangement status). The odds of material deprivation declines with age, and part-time employment and unemployment both raise the odds of material deprivation relative to full-time employment. The year predictors are once again significant, indicating raised (but declining) odds of material deprivation in years following 2001.

Tables A13–A15 in the Appendix revert back to linear models that highlight the links between CRA and satisfaction with employment opportunities (Table A13), home (Table A14) and neighbourhood (Table A15). The three tables show that the amount of CRA received is a statistically significant but negative predictor of satisfaction with employment opportunities, home and neighbourhood, respectively.

As shown in Table A13, for every $1 increase in CRA received, satisfaction with employment opportunities declines by 0.001 points. This is a very small, but nonetheless negative impact. The CRA predictor is insignificant when entered as a share of rent cost.

Table A14 and Table A15 in the Appendix show that the amount of CRA received is a statistically significant, but negative, predictor of satisfaction with both home and neighbourhood. This result is stable across the alternative model specifications. For example, with every percentage increase of the proportion that CRA makes up of rental costs, there is a 0.01 point fall in satisfaction with the home and the neighbourhood. Furthermore, with every $1 increase in the amount of CRA received, an individual's satisfaction with their home or the neighbourhood marginally decreases by 0.002 points.

3.4 Summary

The focus of this chapter is on the associations between the receipt (and amount) of CRA and a number of outcome measures in a subsequent time period (one year later, or *t*+1). The models control for a range of socio-economic, demographic, temporal and geographic variations. The outcome variables include general health, material deprivation and satisfaction with both home and neighbourhood. Given that HILDA data includes respondents in low-income private rental who do not receive CRA, along with low-income public housing tenants who are not eligible for CRA, there should be sufficient variation within the data to permit us to test for the effects of receiving CRA.

However, the results uniformly show either statistically insignificant results, or significant results in an unexpected direction (based on prior expectations). In other words, the receipt of CRA generally predicts worse outcome measures.

There are several possible explanations for these findings.

Unobserved heterogeneities

From a methodological perspective, the first possibility is that there may be (and arguably are very likely to be) significant unobserved heterogeneities in the survey dataset. For example, intergenerational disadvantage may be playing a confounding role or contributing to the negative outcomes experienced by the recipients of CRA. This is just one example—there may be many other factors that should be controlled for in the modelling strategy, but for which there are insufficient control variables. There are also limited methodological options, given the need for a sufficiently large sample. For example, examining intergenerational outcomes for those who do and do not receive CRA is an attractive idea. However, the sample size becomes unrealistically small when we consider the joint effects of attrition over a large number of Waves, together with the relatively small sample of private renters in receipt of CRA.

Insufficient CRA

A second possibility, which might be of interest from a policy perspective, relates to the amount of CRA received by low-income renters. It could be conjectured that the amount of CRA received is simply not sufficient to overcome the level of disadvantage experienced by the low-income private rental households who receive it, or is not well-targeted to those in housing need. Indeed, various studies have shown that CRA suffers from a lack of adequacy and is poorly targeted (Ong, Pawson et al. 2020; Ong ViforJ, Pawson et al. 2024).

Low-income public renters have better outcomes

A third possibility may be that low-income rental households are simply better off in other tenures than living in the private rental sector with CRA. For example, the empirical results summarised in this chapter could be argued to demonstrate that low-income public renters have better outcomes than private renters with CRA. This argument is justified by the fact that the control sample being used to compare to recipients of CRA is composed of other low-income households who do not receive CRA, and this sub-sample is, in turn, composed of public housing tenants together with private renters on a low income who do not pay a sufficiently high rent to qualify for CRA.

It is important to acknowledge that the reasons provided above to help explain the paradoxical findings are all conjectural arguments falling out of the results reported in this chapter. Above all, we reflect that the limitations of the information contained in HILDA together with sample size limitations mean that we cannot derive any firmer conclusions than suggested in this chapter.

We now turn to the second strand of the empirical strategy which draws on a different dataset: the Longitudinal Study of Australian Children (LSAC).

4. The impact of CRA on outcomes for children

- **The Longitudinal Study of Australian Children (LSAC) is a longitudinal Australian dataset with a representative sample of 10,000 children from two distinct age cohorts. It tracks children and their parents to better understand child development.**
- **In this chapter we test a range of specific LSAC study child outcomes with respect to their parents' circumstances.**
- **We focus on whether LSAC study children's parents were private renters in receipt of CRA in earlier Waves.**
- **We examine parental circumstances in early Waves and child outcomes in later waves.**
- **There are mixed results. CRA is associated with worse outcomes in terms of hardship and stress, but we acknowledge that it is not possible to control for all unobserved factors.**
- **We do find that the amount of CRA received reduces the risk of homelessness for study children in later life, and increases their probability of university study.**
- **However, the level of CRA is currently set too low.**

4.1 CRA and disadvantage

While CRA may be imperfectly targeted, receipt of this income support measure is obviously not random—it is strongly associated with disadvantage. We would expect disadvantage to be correlated with (or confounded by) many other factors, including housing tenure outcomes and housing consumption. In other words, disadvantage increases the likelihood that an individual receives CRA, but also increases the likelihood of many adverse outcomes. This might include educational, health and wellbeing outcomes, and financial insecurity.

Thus, a methodological problem lies at the centre of this project. Despite careful selection of samples and control samples, analysis of large-scale datasets such as HILDA carries a risk—as it is impractical to create two samples whose individuals are close to each other in terms of disadvantage, but with one sample receiving CRA and the other not. Almost inevitably, when we compare a group with CRA and a group without CRA, we are also dealing with non-comparable groups in terms of disadvantage, in addition to other unmeasured variables or unobserved heterogeneities.

Hence, the aim of this chapter is to explore whether a methodological approach coupled with the use of an alternative dataset can shed more light on this issue.

4.2 About the LSAC

The LSAC is a significant longitudinal resource in Australia focussing on child development, and is the main dataset used in this report. The study was designed to leverage the novel insights that might be obtainable from LSAC, as it includes survey responses on housing issues but has rarely been used in previous housing research in Australia.

The LSAC began in 2003 and is conducted by the Australian Government Department of Social Services (DSS) in partnership with the Australian Institute of Family Studies (AIFS). The study features a representative sample of 10,000 children from two distinct age cohorts:

- Cohort B: 5,000 children aged 0–1 years
- Cohort K: 5,000 children aged 4–5 years.

The parents of these children also participated in LSAC. The dual-cohort cross-sequential design of the dataset is shown in Figure 1.

Figure 1: The dual-cohort cross-sequential design

Cohort	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9	
									9C1	9C2
Year	2004	2006	2008	2010	2012	2014	2016	2018	2020	2021
Infant (B)	0-1 years	2-3 years	4-5 years	6-7 years	8-9 years	10-11 years	12-13 years	14-15 years	16-17 years	17-18 years
Child (K)	4-5 years	6-7 years	8-9 years	10-11 years	12-13 years	14-15 years	16-17 years	18-19 years	20-21 years	21-22 years

Source: Mohal, Lansangan et al. (2023).

The LSAC aims to track these children and their parents to better understand child development. Participants are asked survey questions about parenting, family relationships, education, childcare and health. Data has been collected every two years since the study's inception, resulting in nine data waves, with the latest wave occurring in 2022.

To address the research questions, we selected Wave 3 (2008) as the starting point to determine whether the study child's family qualifies as a CRA recipient family. Specifically, we focussed on the infant cohort, referred to as Cohort B, from Wave 3 (ages 4–5) through Wave 5 (ages 8–9) and the child cohort, referred to as Cohort K, at Wave 3 (ages 8–9) through to Wave 9C2. As three waves were chosen for Cohort B, we were able to check the frequency of the CRA received across waves. Table A16 in the Appendix specifies the variables used in this report.

The early stage, encompassing Waves 3–5 of Cohort B and Wave 3 of Cohort K, consists of a dataset comprising 17,044 observations. Utilising the population weights provided in the LSAC dataset, Table A17 in the Appendix presents the descriptive statistics of the early-stage analysis—the demographic information mainly focuses on the study child (SC).

As Table A16 summarises, a wealth of socio-economic and demographic information on the parent(s) of the SC is available in the dataset. This includes indicators of language spoken at home, employment status, income, educational attainment and health. There is a range of hardship questions that are similar in design to questions included in HILDA. For example, difficulties paying bills on time, paying housing costs, having the funds to heat or cool the home, going without meals, and having to pawn or sell an item to pay bills. There is also a self-reported hardship scale question. Information on housing includes tenure, landlord type—for instance, private landlord, social housing—housing and neighbourhood condition, suitability of the dwelling, and physical defect variables.

Descriptives in Table A17 show that the incidence of deprivation varies quite substantially between questions, with 17 per cent reporting inability to pay bills on time but only 1.7 per cent and 1.3 per cent respectively reporting going without meals or being unable to afford to heat or cool the home. Similarly, the self-reported hardship scale (which ranges 0–6) is heavily skewed towards low values, with over three-quarters (79%) reporting zero and 12.5 per cent reporting 1. The value 2 is the next highest (after zero) with 5.4 per cent of parents reporting some hardship—but still a low level. Over a quarter (28%) of parents are renters (across all waves), which is broadly comparable to the pattern expected from other data sources, including the ABS Census.

4.3 Definition of a CRA recipient and the modelling strategy

The LSAC asks: '*Do you currently receive any of these pensions, allowances, or other forms of assistance? Rent Assistance.*' However, this question was missing from Wave 5 and Wave 6 for both cohorts. Therefore, we have established a method to define a CRA recipient. The LSAC CRA sample is derived from families that meet these conditions:

- They are private renters.
- They receive the Family Tax Benefit (FTB) according to their responses in LSAC.
- They have at least one child eligible for the FTB.

Based on these criteria, we define a CRA recipient as a private-renter family with income below the FTB(A) income limit, who also has at least one FTB child.[6] This approach allows us to identify families in need of CRA despite the missing data in some waves. Table A18 in the Appendix presents the proportion of CRA recipients within the dataset for both cohorts. On average, 11.77 per cent are CRA recipients, which is a little over one-third of the total number of renting families across waves.

Table A19 in the Appendix presents the frequency of received CRA in Cohort B. Among the 4,547 families over the three waves:

- 80.89% never received the CRA
- 9.15% received it once
- 6.18% received it twice
- 3.78% received it three times.

6 The historical versions of A Guide to Australian Government Payments are available at: https://www.servicesaustralia.gov.au/historical-versions-guide-to-australian-government-payments?context=22.

The falling incidence of CRA over waves is an expected pattern that captures both attrition over time—which is a common occurrence in longitudinal data—and households' changing circumstances over time. In principle, it should be possible to define further subgroups, such as renters transitioning between waves from needing CRA to not needing CRA, and renters moving into home ownership. However, our view is that such analysis would not be robust because of the small sample sizes.

Instead, we conducted a comparative analysis of the outcomes for children in Cohort B and Cohort K from the late stage of 2018–2021: Wave 8, Wave 9C1 and Wave 9C2. Our sample includes 15,121 observations. By applying the population weights, we also generated descriptive statistics for the later stages, categorised by whether the families of study children (SC) received the CRA in the early stage (Table A20 in the Appendix).

Table A20 shows that approximately 18 per cent of SC examined in later waves were members of households that received CRA when those study children were in their earlier waves. For brevity, these later-wave SC whose households received CRA in earlier waves are referred to as LWSCC. Table A20 shows that 84 per cent of LWSCC are living in the rental sector and 13 per cent are living in a home that is mortgaged.

As the great majority of LWSCC are still living in the parental home in later waves, we interpret this as an indicator of the tenure mobility of the parents of the SC. Interestingly, almost 20 per cent (18.8%) of the parents of LWSCC report their landlord to be a state or territory housing authority. This also suggests tenure mobility, but it is a surprisingly large statistic given the very limited size of Australia's public housing sector (which is 3–4% of all dwellings). This suggests that a significant number of the lowest income households receiving CRA are destined to become housed in public housing in subsequent years.

Analysis of deprivation variables also reveals a clear pattern with:

- 5% of parents of LWSCC reporting going without meals (compared to 1.6% of LSAC overall)
- 8.3% having to pawn or sell something (3% overall)
- 13.6% not being able to pay their mortgage (6.7% overall)
- 3.2% unable to heat or cool their home (1.3% overall).

Self-reported hardship measures are also correspondingly higher for LWSCC than the LSAC sample overall.

4.4 The methodological approach of this chapter

Since LSAC outcomes are viewed from the perspective of the study child, it is necessary to examine parental circumstances in earlier waves, and to add these effects as variables in later waves. As explained earlier, Waves 3, 4 and 5 are used to examine the parental circumstances in terms of tenure, hardship and receipt of CRA. Waves 8, 9C1 and 9C2[7] are used to examine the study child outcomes.

The final dataset is created by merging two files: one for Waves 3–5 from the parents' perspective, and the other for Waves 8–9.2 from the SCs' perspective. Of 17,449 records in the latter waves, we merged 14,807 successfully. Records that fail to merge are largely indicative of attrition between waves—a common problem with longitudinal datasets. The sample includes 7,657 individuals from the B cohort and 7,150 from the K cohort.

We focus on a specific subset of outcome variables, including the following:

- Difficulty of life: a variable with five possible outcomes, ranging from 'no problems or stresses' through 'very many problems and stresses'.

7 Wave 9 of the LSAC was divided into two waves due to face-to-face data collection restrictions related to the COVID-19 pandemic. Wave 9C1 was conducted as a shorter online survey, and Wave 9C2 was conducted either as a shorter online survey or a telephone interview.

- Hardship scale: on a range 0–11.
- Depression scale: has four categories ranging from 'low probable serious mental illness' through 'very high probable serious mental illness'. This in turn is derived from a more detailed variable 'K10 depression scale summed score' that ranges 10–50.
- Stressful life events index: on a range 0–19.

In order to create a composite measure, or single index, that captures the variation of the four original variables between the SC, we carried out a rotated factor analysis to reduce the data. The results are shown in Table 5.

Table 5: Study child outcome factor analysis results

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	2.296	1.219	0.459	0.459
Factor2	1.077	0.404	0.215	0.675
Factor3	0.673	0.120	0.135	0.809
Factor4	0.553	0.150	0.111	0.920
Factor5	0.402	N/A	0.080	1.0000

Note: LR test: independent vs. saturated: chi2(10) = 6220.23 Prob>chi2 = 0.0000

Source: Authors.

The results (see Table 6) show that the majority (67%) of the variation in the original four untransformed variables can be explained by two new variables or factor scores. The correlation between the new factor scores and the original variables is summarised below. The results show that:

- the first factor score is highly correlated with all four of the original variables but has a higher weighting towards difficulty of life and the depression scale
- the second factor score is highly correlated with hardship and the stressful events index.

Interestingly, there are negative correlations with the difficulty of life, depression and health variables, although the correlations are relatively low. The results suggest that Factor 1 is a good proxy for stress and depression and Factor 2 is a good proxy for shorter-term stressful events and hardship.

Table 6: Factor score loadings

Variable	Factor1	Factor2	Uniqueness
Hardship	0.577	0.631	0.269
Difficulty of life	0.732	-0.380	0.320
Depression score	0.799	-0.303	0.270
Health score	0.651	-0.308	0.482
Stressful events score	0.606	0.589	0.287

Source: Authors.

We now turn to the analysis of predictors of the Factor 2 scores.

The LSAC dataset contains information on the SC and their parents (in previous waves). The regression models consider the outcomes of children when they are in or nearing adulthood, but the predictors are largely based on their parents' circumstances in earlier waves, when the children were young. Exceptions include sex and age of the SC in the later waves.

For each model, we include a 0/1 flag denoting whether or not the SC's parents received CRA in the earlier waves. We also estimate a second model in which the CRA flag is replaced by a continuous variable measuring how much CRA was received by the parents in the earlier waves. The results for the Factor 1 models are shown in Table 7.

Table 7: Predictors of the Factor 1 score

Variable	Coefficient	z	P>z	Coefficient	P>z
Constant	-4.473	-3.17	***	-4.452	***
Female	0.500	16.51	***	0.500	***
Age	0.440	2.97	***	0.439	***
Age squared	-0.011	-2.79	***	-0.011	***
Outright-owner parents	-0.120	-2.73	***	-0.121	***
Indigenous					
one Indigenous parent	-0.078	-0.65		-0.076	
both parents Indigenous	0.254	0.65		0.2480	
Parental household type					
single with 2+ children	0.062	0.52		0.060	
couple with 1 child	0.337	2.14	**	0.333	**
couple with 2+children	0.140	0.94		0.135	
three or more adults and one child	0.596	1.93	*	0.590	*
three or more adults and 2+ children	0.177	1.13		0.174	
Parents language not English					
one	0.162	2.46	**	0.1611897	**
both	-0.240	-4.49	***	-0.2406213	***
Housing costs as % of income	0.087	1.89	*	0.086	*
Parental qualifications					
one parent has certificate or diploma	-0.055	-1.21		-0.056	
both parents have certificate or diploma	-0.0470	-0.8		-0.047	
one parent has degree	-0.104	-2.17	**	-0.105	**
both parents have degree	-0.091	-1.39		-0.092	
one parent has graduate qualification	-0.016	-0.31		-0.017	
both parents have graduate qualification	0.020	0.23		0.021	

Parents employed					
1	-0.154	-1.15		-0.159	
2	-0.359	-1.68	*	-0.366	*
Parents unemployed	0.134	0.83		0.131	
Parents not in labour force (NILF)					
1	-0.108	-1.01		-0.110	
2	0.021	0.07		0.020	
Parents with permanent job					
1	-0.087	-2.21	**	-0.087	**
2	-0.031	-0.69		-0.031	
Parents argue					
one parent argues often with partner	-0.013	-0.15		-0.012	
both parents argue often with partner	-0.358	-1.52		-0.352	
Parents hostile to each other					
one parent is often hostile to partner	0.298	2.13	**	0.296	**
both parents are often hostile to partner	1.208	2.54	**	1.199	**
Hostile parenting score squared	0.002	2.01	**	0.002	**
Parents received CRA	0.135	2.9	***		
Amount of CRA received				0.002	***
N	5717			5717	
Groups	3784			3784	
Wald Chi-Square	451.24	***		451.47	***
R square	0.0974			0.0975	

Source: Authors.

As Factor 1 is essentially a proxy for hardship, the results show that female SC score higher on this measure than males, and that hardship is higher for older respondents (but at a declining rate with age). Couples with one child score more highly on the hardship measure, as do households representing three or more adults and one child. Employment has a significant downward effect on hardship, as does the possession of permanent jobs by the SC's parents. When one of the SC's parents has a first language that is not English, this is associated with a higher hardship score. However, this effect reverses dramatically when neither of the SC's parents have English as their first language.

The LSAC data also contains information on angry or hostile parenting, and hostility between parents. Data on angry or hostile parenting is not significant, but hostility between parents is statistically significant, and exerts a strong upward pressure on the SC's hardship in later life.

Lastly, the CRA variables show that both the receipt of CRA and the amount of CRA received increase the hardship score of study children in later waves. This is an unexpected finding—and almost certainly relates to the fact that there are unmeasured socio-economic effects associated with the receipt of CRA to begin with. Interestingly, the children of parents with high housing costs relative to income score higher on the hardship measure in later waves, but this effect is only weakly statistically significant (at the 10% level).

We now turn to the Factor 2 score models, which are summarised in Table 8.

Table 8: Predictors of the Factor 2 score

Variable	Coefficient	P>z	Coefficient	P>z
Constant	1.239		1.243	
Female	-0.062	**	-0.062	**
Age	-0.205		-0.205	
Age squared	0.008	*	0.008	*
Indigenous				
One Indigenous parent	0.063		0.064	
Both parents Indigenous	0.995	**	0.991	**
Parents' language not English				
one	0.013		0.013	
both	-0.258	***	-0.258	***
Parental qualifications				
one parent has certificate or diploma	0.021		0.021	
both parents have certificate or diploma	0.009		0.009	
one parent has degree	-0.034		-0.034	
both parents have degree	-0.099		-0.099	
one parent has graduate qualification	-0.105	**	-0.105	**
both parents have graduate qualification	-0.220	***	-0.219	***
Hostile parenting score squared	-0.015	**	-0.015	**
Parents received CRA	0.050			
Amount of CRA received			0.001	
N	6193		6193	
Groups	4114		4114	
Wald Chi-Square	267.3	***	267.49	***
R square	0.0613		0.0614	

*Note: * = 10% significance, ** = 5% significance, *** = 1% significance.*

Source: Authors.

The CRA variables are not statistically significant in either of the Factor 2 score models. The English language variable behaves in the same way as in the Factor 1 score models. Perhaps the most notable finding in the second set of models is that an SC with two parents identifying as Indigenous has statistically significant higher scores in later waves. Parental education level is also important, with higher levels of attainment being associated with lower levels of SC stress in later waves.

We now turn to a set of models that consider SC homelessness in later waves. Specifically, we modelled the probability of reporting an experience of 'having nowhere to live'. This variable is specific to the two COVID-era waves (9C1 and 9C2), and so the dataset is thinner than the variables available to the previous models. It is important to note that there are only 140 instances of SC reporting homelessness out of 5,555 respondents. We estimate the model using the normal probit regressor—ignoring the fact that some SC are present in more than one wave in Waves 8–9.2—as well as the xtprobit and xtlogit regressors which recognise that some SC appear in more than one wave. For completeness, all three models are summarised in Table 9.

Table 9: Homelessness probability modelling results

Homeless	Probit	P>z	xtProbit	P>z	xtLogit	P>z
Constant	-83.556	***	-122.032	***	-250.968	***
Female	0.064		0.084		0.179	
Age	9.808	***	14.294	***	29.434	***
Age squared	-0.293	***	-0.426	***	-0.877	***
Parental household income	-0.0001		-0.0002		-0.0003	
Parental household income squared	5.41E-09		7.94E-09		1.58E-08	
Parents language not English						
one	0.255	**	0.419	**	0.821	**
both	-0.282	*	-0.375		-0.755	
Parental qualifications						
one parent has certificate or diploma	-0.237	**	-0.332	**	-0.665	**
both parents have certificate or diploma	-0.092		-0.128		-0.253	
one parent has degree	-0.246	**	-0.358	*	-0.724	*
both parents have degree	-0.162		-0.180		-0.369	
one parent has graduate qualification	-0.343	**	-0.489	**	-1.003	**
both parents have graduate qualification	-0.037		-0.002		0.006	
Amount of CRA received	-0.053	**	-0.087	**	-0.168	**
Amount of CRA received squared	0.0007606	**	0.001	**	0.002	**
N	11024		11024		11024	
Groups			55555		55555	
Wald Chi-Square / LR	278.25	***	48.15	***	55.67	***
R square / pseudo	0.1933					

*Note: * = 10% significance, ** = 5% significance, *** = 1% significance.*

Source: Authors.

Some of the results are similar to the first round of OLS models. One parent not having English as a first language increases the probability of experiencing homelessness, while two parents without English as a first language pushes in the opposite direction. Higher levels of parental educational attainment also decrease the probability of an SC experiencing homelessness in later waves.

However, the most interesting finding is that the amount of CRA received by parents in earlier waves is statistically significant but at a declining rate, as shown by the negative coefficient on the 'amount squared' variable. In Waves 3–5, the maximum amount of CRA that could be received by an SC parent (or parents) ranged between $63 and $104 per week under the FTB rules—depending on whether the parent(s) were single or partnered. The combination of the two CRA coefficients show a remarkably stable pattern, which suggests that receipt of more than $70 per week has a statistically significant downward effect on the probability of an SC reporting homelessness in later waves.

We now turn to the final outcome measure. In the LSAC dataset, study children report their level of study in later waves. We used this information to create a 'studying at university' variable and estimated a panel probit model using similar predictors to those contained in the models reviewed in Table 9. The findings are in Table 10.

Table 10: CRA and the probability of university study

Variable	xtProbit	P>z	xtLogit	P>z
Constant	-147.971	***	-255.877	***
Female	0.712	***	1.217	***
Age	13.378	***	23.167	***
Age squared	-0.304	***	-0.528	***
Outright-owner parents	0.580	**	1.004	**
Public-renter parents	-1.294	**	-2.215	**
Parental household type				
single with 2+ children	-0.672		-1.162	
couple with 1 child	-1.545	**	-2.644	**
couple with 2+children	-0.434		-0.747	
Three or more adults and 1 child	0		0	
Three or more adults and 2+ children	-1.062		-1.837	
Parents' language not English	0.685	***	1.182	***
Parental household income	-0.003	*	-0.005	*
Parental household income squared	1.79E-06	**	3.05E-06	**
Parental qualifications	0.215	***	0.365	***
Hostile parenting score	0.309	***	0.522	***
Amount of CRA	-0.085	**	-0.148	**
Amount of CRA squared	0.001	**	0.002	**
Wald Chi Square	94.43	***	80.74	***
LR	127.89	***	114.74	***

*Note: * = 10% significance, ** = 5% significance, *** = 1% significance.*

Source: Authors.

The modelling results show that tenure plays a role in the probability of SC university study—although these variables are almost certainly playing a proxy role for other unobserved factors. Nevertheless, SC of outright-owner parents are much more likely to attend university, and SC of public-renter parents are much less likely. SC of private renters, community renters and mortgaged home owners have the same chances as each other, after controlling for other factors.

Parental household income is also important. There are two variables: household income and income squared. The first coefficient is negative and the latter positive. This suggests that as income rises, the chances of university study fall. But at very high levels of income the chances are much higher. Parental language not being English, hostile parenting and parental qualification level are all associated with higher probability of the SC attending university.

Finally, when we turn to the CRA variables we find a similar pattern to the 'homelessness' model just reviewed. In this case, the amount of CRA received reduces the probability of university attendance—but the squared variable increases it. To interpret this properly we need to examine the cut-point or threshold at which the amount of CRA received becomes positive. This turns out to be approximately $71 to $72 per week, which is very similar to the finding from the homelessness model reviewed earlier (in the discussion of Table 9).

In the next and final section of this chapter, we add our interpretation of what this means from a policy perspective.

4.5 Conclusions and policy development implications

In this chapter the analysis is designed to examine the implications of parental receipt of CRA on the later outcomes of their children. We use the LSAC dataset to do this, and follow a methodology that involves mapping the parental circumstances of SC to the outcomes of those children in later waves. Given that LSAC waves are two years apart (other than the COVID-era waves, which are one year apart), examining Waves 3–5 of parental circumstances and Waves 8–9C2 of SC circumstances means that we are introducing a time lag of between nine and 13 years. Study children could range in age from four through 13 in Waves 3–5, depending on whether they belong to the B cohort or K cohort. In the outcome years (Waves 8–9C2) their age would range between 14 and 22.

CRA has previously been criticised as being poorly targeted (Ong ViforJ, Singh et al. 2022). However, in this research we might conclude that it is largely (if imperfectly) well targeted. The receipt of CRA by parents is generally associated with worse outcomes for their children as they get older. We attribute this to the correlation between receipt of CRA and other circumstances, including:

- receiving a low income
- living with a high level of hardship or deprivation
- other unobserved or unmeasured socio-economic differences between households.

Indeed, this is what we might expect to find in a study of low-income privately renting households. Thus, the apparent negative influence of CRA receipt on hardship and stress in children's outcomes in later waves should not be misinterpreted.

- We conclude that CRA is playing a supportive role in improving outcomes, but is currently set at too low a level to completely ameliorate the disadvantages of living with a low income and being excluded from home ownership.

The more interesting and novel findings in this research relate to the analysis of homelessness and prospects of university study. We find that:

- CRA *reduces* the risk of the CRA recipients experiencing homelessness in later life.
- CRA *increases* the probability of children participating in university study.

Both of these effects become apparent at a threshold, which is around the $70 per week mark. The maximum amount of CRA payable in Waves 3–5 was around $63–$104 per week.

It is important to note that some households 'avoid' receiving CRA by choosing to consume a lower level of housing services—for instance, occupying a small home or living in a cheaper neighbourhood. For households choosing a higher level of housing/neighbourhood quality consumption, CRA effectively pays 75 per cent of this higher consumption. Life-course studies have shown that advantage and disadvantage are transmitted from one generation to the next (Barret, Cigdem et al. 2015; Cobb-Clark 2019). Specifically, children of parents who are homeless are more likely to be homeless themselves (Flatau, Conroy et al. 2013). Numerous studies have shown that education can increase household incomes and alleviate poverty (Awan, Malik et al. 2011; Callander, Schofield et al. 2014; Tilak 2002; van der Berg 2008). When individuals and households can increase their incomes, they also reduce their reliance on social support such as CRA programs.

Our findings show that CRA payments for households with children, *when they are not set too low*, have the potential to:

- *reduce* the probability of those children later experiencing homelessness
- *increase* their likelihood of those children taking up university study.

This then increases the likelihood of breaking patterns of intergenerational poverty, and therefore intergenerational reliance on social support. Thus, the results shown in this chapter suggest that households choosing to use CRA to subsidise their housing costs are effectively able to improve later outcomes for their children.

5. Policy development options

CRA is the most heavily funded demand-side housing support program in Australia, and the subject of three important policy debates.

1. Does receipt of CRA (and the amount received) actually improve recipients' outcomes? This report relates to a 'data project' designed to draw on a relatively under-used dataset—the LSAC survey—to add a new dimension to the analysis by looking through the perspective of CRA recipients' children rather than CRA recipients themselves.
2. Is the CRA subsidy set at a high-enough level to significantly reduce (or even overcome) the disadvantages faced by the individuals and households that are eligible for this subsidy?
3. Is the CRA well targeted? Previous AHURI projects (see for example Ong ViforJ, Pawson et al. 2020) have concluded that CRA is, in general, poorly targeted. Could revised eligibility criteria improve outcomes and thereby move closer to an aggregate positive welfare effect at the societal level?

5.1 What are the key questions the research answers?

The methodological conundrum at the centre of this project is that it is not possible to fully control for the socio-economic and demographic factors that give rise both to negative 'outcomes' and eligibility for the receipt of CRA. In other words, we would expect high correlations between levels of deprivation and eligibility for CRA and high negative correlation with health, wellbeing, housing and educational outcomes.

However, by analysing two different survey datasets (HILDA and LSAC), we are able to separately examine the impacts of CRA on the recipients (adult individuals and their households) and the later outcomes of the children of those recipients.

When we use HILDA data, as many previous AHURI projects have done, we generally find statistically insignificant results between the receipt or amount of CRA received and health, wellbeing and employment outcomes. We also find some statistically significant results in an unexpected direction (or perverse effects), as CRA seems to be associated with worse outcomes in a future (one year ahead) time period. This is particularly the case for satisfaction with home and with neighbourhood.

We ascribe these unexpected or perverse findings to the fact that CRA is reasonably well targeted, in the sense that low-income renter recipients are also among society's most deprived households. Their level of deprivation attracts entitlement to CRA—but also causes adverse health, wellbeing, employment, educational and housing/neighbourhood satisfaction outcomes.

While HILDA is undoubtedly the best available longitudinal survey of its kind in Australia from a housing research perspective, it simply does not contain sufficient detail or sampling of low-income renters to build an adequate control group. The number of households living in disadvantage but not receiving CRA—either through their own choice of housing or their tenure circumstances—is simply too small in the survey dataset.

However, a different picture emerges when we examine outcomes through the perspective of the study children. The modelling results show that simple receipt (by parents) of CRA is associated with worse hardship and stress outcomes in later life by the children of those recipients. In this, the results are little different to those obtained by analysing HILDA, even though we are examining a much longer time lag (of up to 13 years) between the receipt of CRA and the outcomes for the children, rather than the one-year lag used in the HILDA analysis.

What is different is that, after controlling for a range of socio-economic, demographic and household factors, we find two principal areas in which CRA *does* improve the later outcomes of LSAC study children, as it:

- reduces the probability of experiencing homelessness
- increases the probability of experiencing university study.

The relationship between receipt of CRA at the homelessness and university study variable is not linear. We find that a binomial variable representing receipt of CRA is acutally a positive predictor of homelessness and a negative predictor of university study. But the amount of CRA received turns these effects into negative / positive effects, respectively, when the amount of CRA received is above a threshold level (around $70 per week). The threshold relates to the amount of CRA in Waves 3–5 of LSAC (calendar years 2008–2012) when the maximum amount of CRA that could be received under the FTB rules ranged between $63 and $104 per week.

A key finding from this study is that *only households that use CRA to choose higher levels of housing consumption realise positive outcomes for their children*.

Higher levels of housing consumption include choosing better neighbourhoods and larger homes to ensure that households are not overcrowded. By implication, this means that those families that are not maximising the available opportunities through CRA are falling behind. Their children are also not obtaining the long-term advantages of reduced homelessness and increased educational attainment.

As such, policy designed to ensure that families with children understand the value of using CRA in more strategic way are likely to improve outcomes for more families, by ensuring they are in better neighbourhoods and are not in overcrowded households. These positive outcomes then have the potential to break intergenerational patterns of housing stress, homelessness, poverty, low educational attainment, negative health and wellbeing outcomes, and reliance on social housing support.

5.2 Final remarks

This report supplements previous AHURI analyses of the HILDA survey with a new analysis drawing both on HILDA data and the LSAC survey. The most important finding of this data project is that an alternative viewpoint is discernible when we examine the receipt of CRA and a range of socio-economic outcomes from the perspective of children rather than their parents.

The threshold effects we have estimated are remarkably stable and allow us to make a number of observations:

1. An increase in the level of CRA payment would have a non-linear reduction in probability of children experiencing homelessness and a non-linear increase in their probability of experiencing university study.
2. Families at the higher end of CRA eligibility experience a stronger positive effect, which suggests that larger families are more advantaged by the subsidy than smaller families.
3. Only families that use CRA to choose higher levels of housing consumption maximise future positive outcomes for their children.

CRA therefore plays a role in reducing the transmission of disadvantage across generations. However, given its current low level, it could play a much stronger role under different policy settings or eligibility criteria.

Children whose households received CRA in earlier waves are much more likely to live in public housing in later waves. But this is almost certainly an outcome for their parents rather than a reflection on their own later household status—a larger number of waves would be required to examine study children in full adulthood.

The essential point of this observation is that CRA is arguably *well targeted* if 18 per cent of households of CRA recipients later become housed by state or territory housing authorities: the implication is that CRA recipients are up to five times as likely to become public housing residents than the general population. This also reinforces the earlier methodological point raised that it is not entirely possible to separate out the factors that jointly trigger eligibility for CRA and determine socio-economic outcomes.

Our analysis of the LSAC data also reveals that approximately 13 per cent of families receiving CRA in earlier waves become mortgaged home owners when study children are in their later waves. This is despite significantly higher levels of deprivation of LWSCC (later wave study children whose parents received CRA in earlier waves) compared to the general population.

Thus, despite the relatively low amounts paid to recipients of CRA, this study suggests that there are three principal ways in which the CRA subsidy improves outcomes:

1. By increasing the probability of transitioning into home ownership (although only 13 per cent achieve this).[8]
2. By reducing the probability that the children of CRA recipients will later experience homelessness.
3. By increasing the probability that those children will experience university study.

8 Noting that in chapter 3 we indicated that the number of households transitioning from renting with CRA to home ownership in the HILDA survey is simply too small a sub-sample to have estimated the effect of CRA on the propensity to transition.

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6. Appendix: Additional tables

Table A11: Effect of CRA on General Health at *t*+1, fixed effects linear models, 2001–2020

			SF-36 General Health			
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
CRA and rent cost						
CRA $ value (fortnightly, real terms)	0.002	0.005				
Rent cost (fortnightly, real terms)	-0.001	0.001	-0.001	0.001		
CRA as % of rent (fortnightly, real terms)			0.027	0.028	0.030	0.028
Age bracket						
Age 25–34	1.700*	0.959				
Age 35–44	2.477*	1.391				
Age 45–54	-0.551	1.907				
Age 55–64	-2.159	2.668				
65+	-5.179	4.172				
No. of dependent children aged 0–14						
2	-0.290	0.633				
3+	-0.805	0.845				
Presence of long-term health condition	-2.276***	0.663				
Marital status						
De facto	2.018	1.266				
Separated	-0.439	1.483				
Divorced	0.348	1.774				
Widowed	2.947	3.969				
Single, never married	0.382	1.685				

			SF-36 General Health			
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
Employment status						
Employed part-time	-0.127	0.655				
Unemployed	-0.373	0.917				
Not in labour force	-0.940	0.774				
Highest education level						
Advanced diploma or diploma	4.430	3.418				
High school or certificate	-0.544	2.206				
Less than high school	-0.799	2.333				
State						
Balance of NSW	-0.279	2.314				
Melbourne	-1.313	3.385				
Balance of Victoria	1.397	3.715				
Brisbane	-0.675	3.136				
Balance of QLD	3.556	2.839				
Adelaide	-5.463	5.335				
Balance of SA	-6.416	5.192				
Perth	-4.062	3.855				
Balance of WA	9.630	5.889				
Tasmania	-1.853	4.893				
Northern Territory	1.937	4.342				
ACT	4.582	3.030				
Calendar year						
2002	-2.137*	1.227				
2003	-3.967***	1.244				
2004	-3.973***	1.368				
2005	-4.472***	1.445				
2006	-1.488	1.513				
2007	-2.693*	1.501				
2008	-1.318	1.634				
2009	-4.975***	1.731				
2010	-4.303**	1.724				
2011	-4.940***	1.789				
2012	-5.621***	1.816				
2013	-5.972***	1.916				
2014	-9.049***	1.932				

			SF-36 General Health			
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
2015	-9.182***	2.016				
2016	-9.115***	2.073				
2017	-10.524***	2.160				
2018	-8.668***	2.200				
2019	-10.244***	2.254				
Constant	70.897***	3.285				
N	7,780		7,774		7,774	
Number of groups	2,325		2,322		2,322	
R-squared overall	0.0387		0.0381		0.0386	
F-statistic	3.71***		3.72***		3.79***	

*Notes: *** p <0.01, ** p <0.05, * p <0.1. The reference categories are Age 15–24, 1 dependent child, no long-term health condition, married, employed full-time, undergraduate or higher education, Sydney and Wave 1.*

Source: HILDA survey (2001–2020).

Table A12: Effect of CRA on Material Deprivation at t+1, fixed effects logistic models, 2001–2020

	Material Deprivation					
Predictors	Odds ratio	Std. err.	Odds ratio	Std. err.	Odds ratio	Std. err.
CRA and rent cost						
CRA $ value (fortnightly, real terms)	1.001	0.001				
Rent cost (fortnightly, real terms)	1.001*	0.000	1.001**	0.000		
CRA as % of rent (fortnightly, real terms)			1.006	0.006	1.004	0.006
Age bracket						
Age 25–34	0.622**	0.114				
Age 35–44	0.620*	0.172				
Age 45–54	0.493*	0.202				
Age 55–64	0.031***	0.037				
65+	0.000	0.000				
No. of dependent children aged 0–14						
2	0.783*	0.101				
3+	0.858	0.134				
Presence of long-term health condition	1.069	0.137				
Marital status						
De facto	1.285	0.257				
Separated	2.118***	0.608				
Divorced	2.501**	0.945				
Widowed	0.237	0.290				
Single, never married	1.673*	0.442				
Employment status						
Employed part-time	1.164**	0.181				
Unemployed	1.482***	0.291				
Not in labour force	1.588	0.259				
Highest education level						
Advanced diploma or diploma	0.627	0.407				
High school or certificate	0.725	0.382				
Less than high school	0.646	0.355				
State						
Balance of NSW	2.025	1.053				

	Material Deprivation					
Predictors	Odds ratio	Std. err.	Odds ratio	Std. err.	Odds ratio	Std. err.
Melbourne	1.113	1.039				
Balance of Victoria	4.862**	3.643				
Brisbane	1.933	1.105				
Balance of QLD	2.766*	1.458				
Adelaide	16.663**	19.533				
Balance of SA	13.719**	16.523				
Perth	0.249	0.330				
Balance of WA	0.051*	0.079				
Tasmania	0.701	0.855				
Northern Territory	0.759	1.160				
ACT	1.266	1.058				
Calendar year						
2002	0.812**	0.236				
2003	0.506***	0.151				
2004	0.253***	0.078				
2005	0.237***	0.074				
2006	0.205***	0.063				
2007	0.255***	0.083				
2008	0.224***	0.074				
2009	0.205***	0.071				
2010	0.217***	0.075				
2011	0.203***	0.071				
2012	0.147***	0.052				
2013	0.221***	0.080				
2014	0.194***	0.072				
2015	0.160***	0.060				
2016	0.131***	0.051				
2017	0.112***	0.045				
2018	0.144***	0.058				
2019	0.074***	0.031				
N	3,862		3,862		3,862	
Number of groups	695		695		695	
Likelihood ratio chi-squared	214.45***		214.54***		208.46***	
Log likelihood	-1423.984		-1423.9364		-1426.9768	

*Notes: *** p <0.01, ** p <0.05, * p <0.1. The reference categories are Age 15–24, 1 dependent child, no long-term health condition, married, employed full-time, undergraduate or higher education, Sydney and Wave 1.*

Source: HILDA survey (2001–2020).

Table A13: Effect of CRA on Satisfaction with Employment Opportunities at t+1, fixed effects linear models, 2001–2020

	Satisfaction with Employment Opportunities					
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
CRA and rent cost						
CRA $ Value (fortnightly, real terms)	-0.001**	0.001				
Rent cost (fortnightly, real terms)	0.000	0.000	0.000	0.000		
CRA as % of rent (fortnightly, real terms)			-0.007	0.004	-0.006	0.004
Age bracket						
Age 25–34	0.186	0.141				
Age 35–44	0.227	0.211				
Age 45–54	-0.376	0.332				
Age 55–64	-0.262	0.546				
65+	-0.267	0.612				
No. of dependent children aged 0–14						
2	0.027	0.090				
3+	0.007	0.121				
Presence of long-term health condition	-0.341***	0.095				
Marital status						
De facto	-0.061	0.159				
Separated	-0.178	0.232				
Divorced	-0.387	0.269				
Widowed	-1.099***	0.391				
Single, never married	-0.105	0.219				
Employment status						
Employed part-time	-0.233**	0.099				
Unemployed	-0.484***	0.138				
Not in labour force	-0.637***	0.118				
Highest education level						
Advanced diploma or diploma	0.292	0.403				
High school or certificate	0.179	0.310				
Less than high school	-0.208	0.337				
State						
Balance of NSW	-0.862**	0.350				
Melbourne	-0.129	0.486				

	Satisfaction with Employment Opportunities					
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
Balance of Victoria	0.193	0.371				
Brisbane	-0.194	0.392				
Balance of QLD	-0.517	0.360				
Adelaide	-0.778	0.599				
Balance of SA	-0.963	0.615				
Perth	-0.627	0.811				
Balance of WA	-0.122	0.877				
Tasmania	-0.907	0.816				
Northern Territory	-0.428	0.710				
ACT	-0.044	0.346				
Calendar year						
2002	0.399**	0.184				
2003	0.353*	0.212				
2004	0.307	0.216				
2005	0.431**	0.217				
2006	0.860***	0.213				
2007	0.722***	0.226				
2008	0.728***	0.243				
2009	0.645**	0.259				
2010	0.812***	0.251				
2011	0.649**	0.250				
2012	0.478*	0.258				
2013	0.594**	0.265				
2014	0.430	0.273				
2015	0.663**	0.283				
2016	0.719**	0.295				
2017	1.010***	0.298				
2018	1.041***	0.308				
2019	1.029***	0.326				
Constant	6.515***	0.465				
N	8,147		8,141		8,141	
Number of groups	2,451		2,448		2,448	
R-squared overall	0.0821		0.0824		0.0839	
F-statistic	4.88***		4.86***		4.87***	

*Notes: *** p <0.01, ** p <0.05, * p <0.1. The reference categories are Age 15–24, 1 dependent child, no long-term health condition, married, employed full-time, undergraduate or higher education, Sydney and Wave 1.*

Source: HILDA survey (2001–2020).

Table A14: Effect of CRA on Satisfaction with Home at t+1, fixed effects linear models, 2001–2020

	Satisfaction with Home					
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
CRA and rent cost						
CRA $ Value (fortnightly, real terms)	-0.002***	0.001				
Rent cost (fortnightly, real terms)	0.000	0.000	0.000	0.000		
CRA as % of rent (fortnightly, real terms)			-0.012***	0.004	-0.011***	0.004
Age bracket						
Age 25–34	0.090	0.131				
Age 35–44	-0.075	0.186				
Age 45–54	-0.537**	0.265				
Age 55–64	-1.108*	0.597				
65+	-1.947*	1.062				
No. of dependent children aged 0–14						
2	-0.058	0.086				
3+	-0.021	0.113				
Presence of long-term health condition	0.030	0.083				
Marital status						
De facto	-0.365**	0.145				
Separated	0.059	0.203				
Divorced	-0.213	0.228				
Widowed	0.749	1.277				
Single, never married	-0.421**	0.199				
Employment status						
Employed part-time	-0.088	0.095				
Unemployed	-0.158	0.124				
Not in labour force	-0.016	0.105				
Highest education level						
Advanced diploma or diploma	0.149	0.419				
High school or certificate	0.231	0.343				
Less than high school	-0.080	0.353				
State						
Balance of NSW	0.506*	0.294				
Melbourne	0.814**	0.398				

	Satisfaction with Home					
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
Balance of Victoria	0.724**	0.361				
Brisbane	0.858**	0.354				
Balance of QLD	0.509	0.321				
Adelaide	0.078	0.594				
Balance of SA	0.535	0.611				
Perth	-0.017	0.610				
Balance of WA	-0.818	0.622				
Tasmania	-0.301	0.614				
Northern Territory	0.421	0.476				
ACT	-0.127	0.569				
Calendar year						
2002	0.115	0.170				
2003	0.504***	0.188				
2004	0.141	0.202				
2005	0.494**	0.204				
2006	0.384*	0.205				
2007	0.447**	0.209				
2008	0.386*	0.216				
2009	0.260	0.222				
2010	0.287	0.224				
2011	0.338	0.225				
2012	0.336	0.229				
2013	0.556**	0.232				
2014	0.428*	0.234				
2015	0.448*	0.238				
2016	0.471*	0.248				
2017	0.695***	0.252				
2018	0.562**	0.256				
2019	0.783***	0.267				
Constant	6.650***	0.465				
N	9,055		9,049		9,049	
Number of groups	2,529		2,526		2,526	
R-squared overall	0.0059		0.006		0.006	
F-statistic	1.91***		1.84***		1.88***	

*Notes: *** p <0.01, ** p <0.05, * p <0.1. The reference categories are Age 15–24, 1 dependent child, no long-term health condition, married, employed full-time, undergraduate or higher education, Sydney and wave 1.*

Source: HILDA survey (2001–2020).

Table A15: Effect of CRA on Satisfaction with Neighbourhood at t+1, fixed effects linear models, 2001–2020

			Satisfaction with Neighbourhood			
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
CRA and rent cost						
CRA $ Value (fortnightly, real terms)	-0.002***	0.001				
Rent cost (fortnightly, real terms)	0.000**	0.000	0.000	0.000		
CRA as % of rent (fortnightly, real terms)			-0.011***	0.003	-0.011***	0.003
Age bracket						
Age 25–34	-0.004	0.120				
Age 35–44	-0.036	0.171				
Age 45–54	-0.324	0.251				
Age 55–64	-0.793*	0.432				
65+	-0.267	0.612				
No. of dependent children aged 0–14						
2	-0.085	0.077				
3+	0.000	0.096				
Presence of long-term health condition	-0.090	0.080				
Marital status						
De facto	-0.272*	0.154				
Separated	-0.356*	0.202				
Divorced	-0.526**	0.214				
Widowed	-0.986	1.101				
Single, never married	-0.411*	0.220				
Employment status						
Employed part-time	0.048	0.089				
Unemployed	-0.092	0.114				
Not in labour force	0.001	0.094				
Highest education level						
Advanced diploma or diploma	-0.449	0.466				
High school or certificate	-0.528	0.371				
Less than high school	-0.588	0.387				
State						
Balance of NSW	0.413	0.368				
Melbourne	0.518	0.366				
Balance of Victoria	0.194	0.323				

			Satisfaction with Neighbourhood			
Predictors	Coef.	Std. err.	Coef.	Std. err.	Coef.	Std. err.
Brisbane	0.712*	0.423				
Balance of QLD	0.733**	0.371				
Adelaide	0.019	0.571				
Balance of SA	1.198*	0.637				
Perth	-0.350	0.575				
Balance of WA	-0.543	0.555				
Tasmania	-0.275	0.532				
Northern Territory	-0.005	0.460				
ACT	0.632	0.416				
Calendar year						
2002	-0.081	0.141				
2003	0.105	0.137				
2004	-0.214	0.147				
2005	-0.158	0.159				
2006	0.171	0.158				
2007	-0.107	0.174				
2008	-0.021	0.182				
2009	-0.244	0.190				
2010	-0.083	0.193				
2011	-0.093	0.193				
2012	-0.141	0.190				
2013	-0.175	0.203				
2014	-0.258	0.210				
2015	-0.193	0.219				
2016	-0.153	0.229				
2017	-0.066	0.236				
2018	0.032	0.238				
2019	-0.019	0.248				
Constant	7.911***	0.466				
N	9,044		9,044		9,044	
Number of groups	2,529		2,526		2,526	
R-squared overall	0.0044		0.0044		0.0044	
F-statistic	1.88***		1.94***		1.94***	

*Notes: *** p <0.01, ** p <0.05, * p <0.1. The reference categories are Age 15–24, 1 dependent child, no long-term health condition, married, employed full-time, undergraduate or higher education, Sydney and Wave 1.*

Source: HILDA survey (2001–2020).

Table A16: Variables description

Variable	Description	Scope	Cohort B	Cohort K
Socio-demographic characteristics				
Gender	1 Male; 2 Female	Parents and study child	All chosen waves	All chosen waves
Age	Number	Parents and study child	All chosen waves	All chosen waves
Country of birth	SACC code	Parents and study child	All chosen waves	All chosen waves
Main language spoken at home	ASCL code	Parents and study child	All chosen waves	All chosen waves
Indigenous status	1 No; 2 Yes, Aboriginal; 3 Yes, Torres Strait Islander; 4 Yes, both	Parents and study child	All chosen waves	All chosen waves
Family composition				
No. people in household	Number	The whole household	All chosen waves	All chosen waves
No. siblings of SC in the household	Number	The whole household	All chosen waves	All chosen waves
Live together	1 No, both biological or adoptive parents live here; 2 No, other parent deceased; 3 Yes, one only; 4 Yes, two elsewhere	The whole household	Waves 3–5	Wave 5
Number of parents in the home	1 2 biological parents; 2 1 biological parent and 1 non-biological parent; 3 1 biological parent (no P2); 4 2 non-biological parents; 5 1 non-biological parent (no P2)	The whole household	Waves 3–5	Wave 5
Educational qualification				
Highest qualification	1 Year 12 or equivalent; 2 Year 11 or equivalent; 3 Year 10 or equivalent; 4 Year 9 or equivalent; 5 Year 8 or below; 6 Never attended school; 7 Still at school	Parents	All chosen waves	All chosen waves

Variable	Description	Scope	Cohort B	Cohort K
Study	1 Leave school before finishing secondary school; 2 Complete secondary school; 3 Complete a trade or vocational training course; 4 Complete a university degree	Study child	Waves 3–5	Wave 5
Health condition				
Any medical condition(s)?	1 No; 2 Yes	Parents and study child	All chosen waves	All chosen waves
Global health measure	1 Excellent; 2 Very good; 3 Good; 4 Fair; 5 Poor	Parents and study child	All chosen waves	All chosen waves
Employment conditions				
Employment status	1 Employed; 2 Unemployed; 3 Not in labour force	Parents	All chosen waves	All chosen waves
Job tenure	1 In a permanent ongoing position; 2 On a fixed-term contract; 3 On a casual basis; 4 On some other basis	Parents	All chosen waves	All chosen waves
Income:				
Household income	Number	The whole household	All chosen waves	All chosen waves
Income groups	1 Less than $500 pw ($25,999 or less per year); 2 $500–$999 pw ($26,000–$51,999 per year); 3 $1,000–$1,999 pw ($52,000–$103,999 per year); 4 $2,000 or more per week ($104,000 or more per year)	Parents	All chosen waves	All chosen waves
Financial wellbeing/hardship				
How family is getting on financially	1 Prosperous; 2 Very comfortable; 3 Reasonably comfortable; 4 Just getting along; 5 Poor; 6 Very poor	The whole household	All chosen waves	All chosen waves
Couldn't pay bills on time	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves

Variable	Description	Scope	Cohort B	Cohort K
Couldn't pay mortgage on time	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves
Gone without meals	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves
Been unable to heat or cool home	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves
Pawned or sold something	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves
Financial assistance	0 No; 1 Yes	The whole household	All chosen waves	All chosen waves
Hardship scale	The number of yes responses from the above 6 categories (1–6)	The whole household	Waves 3–5	Wave 3
Hardship scale (SC)[9]	The number of yes responses from 11 categories (1–11)	Study child	Waves 9C1–9C2	Waves 9C1–9C2
Hardship scale (M, F, PLE)[10]	The number of yes responses from 12 categories (1–12)	Parents	Waves 9C1–9C2	Waves 9C1–9C2
Housing				
Dwelling type	1 Separate house; 2 Semi-detached house/row or terrace house/townhouse etc.; 3 Flat/unit/apartment; 4 Caravan/cabin; 5 House or flat attached to shop, office, etc.; 6 Farm; 7 Other; (-1 Not sighted)	The whole household	Waves 3–5	Wave 3

9 1: Sold something; 2: Gone without meals; 3: Ask family or friends for money; 4: Borrow money just to live; 5: Didn't get medicines/go to the doctor; 6: Couldn't buy textbooks/other study materials; 7: Couldn't buy other things; 8: Couldn't pay electricity or gas bills on time; 9: Couldn't pay telephone bills on time; 10: Couldn't pay mortgage/rent on time; 11: Been unable to heat home.

10 1: Couldn't pay bills on time; 2: Couldn't pay mortgage on time, 3: Gone without meals; 4: Been unable to heat or cool home; 5: Pawned or sold something; 6: Assistance from welfare/community organisation; 7: Unable to pay for extra-curricular activities; 8: Cut back on essential items; 9: Cut back on non-essential items; 10: Access funds not usually used; 11: Financial help; 12: Increased credit, extended loan.

Variable	Description	Scope	Cohort B	Cohort K
Housing tenure	1 Being paid off by you (and/or your partner); 2 Owned outright by you (and/or your partner); 3 Rented or boarded at by you (and/or your partner); 4 Being purchased under a rent/buy scheme by you (and/or your partner); 5 Occupied under a life tenure scheme; 6 Live here rent free; 7 None of these	The whole household	Waves 3–5	Wave 3
Payment for house is made to whom	1 Real estate agent; 2 State/territory housing authority; 3 Community or co-operative housing group; 4 Private landlord not in same dwelling; 5 Person in same dwelling; 6 Relatives or friends; 7 Employer; 8 Government; 9 Other	The whole household	Waves 3–5	Wave 3
Weekly rent	Number	The whole household	Waves 3–5	Wave 3
External condition of dwelling	1 Badly deteriorated; 2 Poor condition with peeling paint and need of repair; 3 Fair condition; 4 Well kept with good repair and exterior surface; (-1 Not sighted)	The whole household	Waves 3–5	Wave 3
Government support				
Receiver of Family Tax Benefit	1 Mother; 2 Father; 3 Neither; 4 Both	The whole household	Waves 3–5	Wave 3

Source: Authors, based on LSAC data.

Table A17: Descriptive statistics of the early stage

N	982,280
	N(%)
SC - Sex	
Male	502,592 (51.2%)
Female	479,688 (48.8%)
SC - Country of birth	
Australia (includes External Territories)	968,776 (98.6%)
New Zealand	2,144 (0.2%)
United Kingdom	1,913 (0.2%)
Other	9,446 (1%)
SC - Indigenous Status	
No	937,816 (95.5%)
Yes, Aboriginal	38,707 (3.9%)
Yes, Torres Strait Islander	2,961 (0.3%)
Yes, both	2,706 (0.3%)
SC - Main language spoken at home	
English	857,038 (87.3%)
German	3,562 (0.4%)
Greek	6,351 (0.6%)
Spanish	6,857 (0.7%)
Italian	5,924 (0.6%)
Arabic	19,081 (1.9%)
Vietnamese	10,440 (1.1%)
Cantonese	5,766 (0.6%)
Mandarin	6,150 (0.6%)
Other	61,113(6.2%)
SC - Any medical condition/s	
No	899,131 (91.8%)
Yes	79,833 (8.2%)
Couldn't pay bills on time	
No	804,111 (83.0%)
Yes	164,557 (17.0%)
Couldn't pay mortgage on time	
No	900,105 (92.9%)
Yes	68,563 (7.1%)

Gone without meals	
No	952,325 (98.3%)
Yes	16,343 (1.7%)
Been unable to heat or cool home	
No	955,682 (98.7%)
Yes	12,986 (1.3%)
Pawned or sold something	
No	939,641 (97.0%)
Yes	29,027 (3.0%)
Assistance from welfare/community org.	
No	936,520 (96.7%)
Yes	32,148 (3.3%)
Limited childcare	
No	721,185 (98.4%)
Yes	12,091 (1.6%)
Hardship scale	
0	767,417 (79.2%)
1	120,684 (12.5%)
2	52,754 (5.4%)
3	17,097 (1.8%)
4	8,090 (0.8%)
5	1,975 (0.2%)
6	651 (0.1%)
How family is getting on financially	
Prosperous	28,818 (2.9%)
Very comfortable	190,219 (19.4%)
Reasonably comfortable	450,999 (46.0%)
Just getting along	275,158 (28.1%)
Poor	27,863 (2.8%)
Very poor	7,058 (0.7%)
Housing tenure	
Being paid off by you and/or your partner	560,776 (57.3%)
Owned outright by you and/or your partner	116,089 (11.9%)
Rented or boarded at by you and/or your partner	277,179 (28.3%)
Being purchased under a rent/buy scheme by you and/or your partner	30 (0.0%)
Occupied under a life tenure scheme	232 (0.0%)

Live here rent free	21,383 (2.2%)
None of these	2,468 (0.3%)
Payment for house is made to whom	
Real estate agent	144,781 (52.3%)
State/territory housing authority	41,265 (14.9%)
Person not in the same household - Parent/other relative	16,060 (5.8%)
Person not in the same household - Other person	41,100 (14.8%)
Person in the same household - Parent/other relative	11,119 (4.0%)
Person in the same household - Other person	1,927 (0.7%)
Owner/manager of caravan park	839 (0.3%)
Employer - Defence Housing Authority	5,553 (2.0%)
Employer - Government	1,505 (0.5%)
Employer - Other	4,456 (1.6%)
Housing co-operative/community/church group	6,136 (2.2%)
Other	2,240 (0.8%)
Dwelling type	
Separate house	855,525 (88.6%)
Semi-detached house/row or terrace house/townhouse etc.	50,488 (5.2%)
Flat/unit/apartment	32,938 (3.4%)
Caravan/cabin	2,853 (0.3%)
House or flat attached to shop, office, etc.	3,675 (0.4%)
Farm	18,227 (1.9%)
Other	1,657 (0.2%)
External condition of dwelling	
Badly deteriorated	4,609 (0.5%)
Poor condition with peeling paint and need of repair	39,153 (4.1%)
Fair condition	238,773 (24.8%)
Well kept with good repair and exterior surface	680,124 (70.7%)

	Mean (sd)	Min	Max
SC - Global health measure	1.667	1.000	5.000
	(0.767)		
No. people in household	4.609	2.000	14.000
	(1.260)		
No. siblings of SC in household	1.611	0.000	11.000
	(1.085)		
Household income	1,922.213	0.000	16,746.410
Amount paid for home (weekly)	342.693	0.000	2,500.000
	(272.575)		
Weekly rent	270.360	1.000	1,200.000
	(137.926)		

Source: Authors, based on LSAC data.

Table A18: CRA recipients

CRA recipient	Cohort B Wave 3	Cohort B Wave 4	Cohort B Wave 5	Cohort K Wave 3	Total
Yes	567	469	458	512	2006
	(12.93%)	(11.06%)	(11.21%)	(11.82%)	(11.77%)
No	3819	3773	3627	3819	15038
	(87.07%)	(88.94%)	(88.79%)	(88.18%)	(88.23%)
Total	4386	4242	4085	4331	17044

Source: Authors, based on LSAC data.

Table A19: Frequency of CRA received in Cohort B

CRA received	Frequency	Per cent (%)
0	3,678	80.89%
1	416	9.15%
2	281	6.18%
3	172	3.78%
Total	4,547	100%

Source: Authors, based on LSAC data.

Table A20: Descriptive statistics of the late stage (by whether the family of the study child received CRA in the early stage)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
N	2,008,484 (81.9%)	444,996 (18.1%)	2,453,480 (100.0%)
SC - Any medical condition/s			
No	897,089 (92.9%)	226,882 (89.3%)	1,123,972 (92.1%)
Yes	68,440 (7.1%)	27,318 (10.7%)	95,757 (7.9%)
Housing tenure			
Being paid off by you and/or your partner	667,364 (69.3%)	33,007 (13.1%)	700,371 (57.6%)
Owned outright by you and/or your partner	150,064 (15.6%)	3,230 (1.3%)	153,295 (12.6%)
Rented or boarded at by you and/or your partner	121,225 (12.6%)	212,690 (84.1%)	333,915 (27.5%)
Being purchased under a rent/buy scheme by you and/or your partner	99 (0.0%)	0 (0.0%)	99 (0.0%)
Occupied under a life tenure scheme	308 (0.0%)	0 (0.0%)	308 (0.0%)
Live here rent free	21,568 (2.2%)	2,888 (1.1%)	24,456 (2.0%)
None of these	2,426 (0.3%)	1,021 (0.4%)	3,447 (0.3%)
Payment for house is made to whom			
Real estate agent	71,451 (59.1%)	109,283 (51.5%)	180,734 (54.2%)
State/territory housing authority	5,907 (4.9%)	39,954 (18.8%)	45,861 (13.8%)
Person not in the same household - Parent/other relative	5,657 (4.7%)	12,750 (6.0%)	18,407 (5.5%)
Person not in the same household - Other person	16,567 (13.7%)	29,858 (14.1%)	46,425 (13.9%)
Person in the same household - Parent/other relative	7,158 (5.9%)	4,592 (2.2%)	11,750 (3.5%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
Person in the same household - Other person	1,231 (1.0%)	970 (0.5%)	2,201 (0.7%)
Owner/Manager of caravan park	762 (0.6%)	1,721 (0.8%)	2,483 (0.7%)
Employer - Defence Housing Authority	4,085 (3.4%)	2,002 (0.9%)	6,087 (1.8%)
Employer - Government	1,171 (1.0%)	1,083 (0.5%)	2,254 (0.7%)
Employer - Other	3,389 (2.8%)	1,841 (0.9%)	5,230 (1.6%)
Housing co-operative/Community/Church group	1,516 (1.3%)	6,468 (3.0%)	7,983 (2.4%)
Other	1,914 (1.6%)	1,873 (0.9%)	3,787 (1.1%)
Global health measure			
Excellent	617,281 (34.6%)	114,606 (28.4%)	731,887 (33.5%)
Very good	683,850 (38.3%)	156,301 (38.8%)	840,151 (38.4%)
Good	364,576 (20.4%)	94,667 (23.5%)	459,243 (21.0%)
Fair	97,944 (5.5%)	28,208 (7.0%)	126,152 (5.8%)
Poor	21,119 (1.2%)	9,169 (2.3%)	30,288 (1.4%)
Couldn't pay bills on time			
No	840,480 (87.9%)	166,685 (66.0%)	1,007,165 (83.3%)
Yes	115,564 (12.1%)	85,725 (34.0%)	201,289 (16.7%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
Couldn't pay mortgage on time			
No	909,341 (95.1%)	218,124 (86.4%)	1,127,465 (93.3%)
Yes	46,704 (4.9%)	34,285 (13.6%)	80,989 (6.7%)
Gone without meals			
No	949,734 (99.3%)	238,906 (94.7%)	1,188,640 (98.4%)
Yes	6,311 (0.7%)	13,503 (5.3%)	19,814 (1.6%)
Been unable to heat or cool home			
No	948,383 (99.2%)	244,383 (96.8%)	1,192,765 (98.7%)
Yes	7,662 (0.8%)	8,027 (3.2%)	15,689 (1.3%)
Pawned or sold something			
No	941,529 (98.5%)	231,506 (91.7%)	1,173,035 (97.1%)
Yes	14,516 (1.5%)	20,903 (8.3%)	35,419 (2.9%)
Assistance from welfare/community org.			
No	943,771 (98.7%)	227,146 (90.0%)	1,170,917 (96.9%)
Yes	12,274 (1.3%)	25,264 (10.0%)	37,537 (3.1%)
Unable to pay for extra-curricular activities			
No	361,687 (96.9%)	94,892 (93.0%)	456,578 (96.1%)
Yes	11,500 (3.1%)	7,100 (7.0%)	18,600 (3.9%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
Hardship scale			
0	814,782 (85.2%)	147,565 (58.5%)	962,347 (79.6%)
1	95,749 (10.0%)	55,797 (22.1%)	151,546 (12.5%)
2	34,225 (3.6%)	27,575 (10.9%)	61,800 (5.1%)
3	7,648 (0.8%)	12,044 (4.8%)	19,692 (1.6%)
4	2,676 (0.3%)	7,119 (2.8%)	9,795 (0.8%)
5	602 (0.1%)	1,704 (0.7%)	2,306 (0.2%)
6	362 (0.0%)	606 (0.2%)	967 (0.1%)
How family is getting on financially			
Prosperous	34,935 (3.6%)	2,565 (1.0%)	37,500 (3.1%)
Very comfortable	218,496 (22.6%)	26,397 (10.4%)	244,893 (20.1%)
Reasonably comfortable	466,655 (48.3%)	103,434 (40.7%)	570,089 (46.7%)
Just getting along	223,865 (23.2%)	105,601 (41.5%)	329,466 (27.0%)
Poor	17,575 (1.8%)	12,556 (4.9%)	30,131 (2.5%)
Very poor	4,137 (0.4%)	3,685 (1.4%)	7,822 (0.6%)
Dwelling type			
Separate house	865,563 (90.8%)	201,702 (81.4%)	1,067,265 (88.9%)
Semi-detached house/row or terrace house/ townhouse etc.	39,933 (4.2%)	22,781 (9.2%)	62,714 (5.2%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
Flat/unit/apartment	20,147 (2.1%)	17,751 (7.2%)	37,898 (3.2%)
Caravan/cabin	3,051 (0.3%)	522 (0.2%)	3,573 (0.3%)
House or flat attached to shop, office, etc.	3,406 (0.4%)	1,777 (0.7%)	5,183 (0.4%)
Farm	18,991 (2.0%)	2,936 (1.2%)	21,926 (1.8%)
Other	1,665 (0.2%)	329 (0.1%)	1,994 (0.2%)
External condition of dwelling			
Badly deteriorated	3,135 (0.3%)	2,828 (1.1%)	5,963 (0.5%)
Poor condition with peeling paint and need of repair	23,631 (2.5%)	24,004 (9.7%)	47,635 (4.0%)
Fair condition	187,537 (19.7%)	101,760 (41.2%)	289,297 (24.2%)
Well kept with good repair and exterior surface	736,154 (77.5%)	118,683 (48.0%)	854,838 (71.4%)
SC - Difficulty of life is at present			
No problems or stress	44,554 (7.0%)	9,852 (8.1%)	54,406 (7.1%)
Few problems or stresses	220,595 (34.4%)	33,770 (27.9%)	254,365 (33.4%)
Some problems and stresses	255,664 (39.9%)	48,828 (40.3%)	304,492 (40.0%)
Many problems and stresses	98,585 (15.4%)	22,522 (18.6%)	121,107 (15.9%)
Very many problems and stresses	21,608 (3.4%)	6,077 (5.0%)	27,684 (3.6%)
SC - Depression scale group			
Low probable serious mental illness	242,886 (30.3%)	35,192 (24.1%)	278,078 (29.3%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
Moderate probable serious mental illness	215,249 (26.8%)	35,473 (24.3%)	250,721 (26.5%)
High probable serious mental illness	189,111 (23.6%)	31,672 (21.7%)	220,783 (23.3%)
Very high probable serious mental illness	154,576 (19.3%)	43,398 (29.8%)	197,974 (20.9%)
SC - Type of institution enrolled in			
Secondary school	224,128 (48.4%)	50,050 (64.5%)	274,178 (50.7%)
Technical or Further Educational Institution (including TAFE Colleges)	42,606 (9.2%)	10,786 (13.9%)	53,392 (9.9%)
University or other Tertiary Institution	187,195 (40.4%)	13,257 (17.1%)	200,452 (37.1%)
Other	8,940 (1.9%)	3,462 (4.5%)	12,401 (2.3%)
SC - Sold something			
No	709,565 (90.0%)	123,618 (86.6%)	833,182 (89.5%)
Yes	78,858 (10.0%)	19,158 (13.4%)	98,016 (10.5%)
SC - Gone without meals			
No	743,617 (94.3%)	129,047 (90.4%)	872,664 (93.7%)
Yes	44,805 (5.7%)	13,729 (9.6%)	58,535 (6.3%)
SC - Ask family or friends for money			
No	623,325 (79.1%)	106,615 (74.7%)	729,940 (78.4%)
Yes	165,097 (20.9%)	36,161 (25.3%)	201,258 (21.6%)
SC - Borrow money just to live			
No	754,308 (95.7%)	134,394 (94.1%)	888,702 (95.4%)
Yes	34,114 (4.3%)	8,382 (5.9%)	42,496 (4.6%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
SC - Didn't get medicines/go to the doctor			
No	755,082 (95.8%)	135,712 (95.1%)	890,795 (95.7%)
Yes	33,340 (4.2%)	7,064 (4.9%)	40,403 (4.3%)
SC - Couldn't buy textbooks/other study materials			
No	751,605 (95.3%)	137,043 (96.0%)	888,648 (95.4%)
Yes	36,817 (4.7%)	5,733 (4.0%)	42,550 (4.6%)
SC - Couldn't buy other things			
No	730,056 (92.6%)	129,911 (91.0%)	859,967 (92.4%)
Yes	58,367 (7.4%)	12,865 (9.0%)	71,232 (7.6%)
SC - Couldn't pay electricity or gas bills on time			
No	586,986 (98.1%)	111,405 (97.0%)	698,391 (97.9%)
Yes	11,669 (1.9%)	3,437 (3.0%)	15,106 (2.1%)
SC - Couldn't pay telephone bills on time			
No	585,747 (97.8%)	111,185 (96.8%)	696,932 (97.7%)
Yes	12,908 (2.2%)	3,658 (3.2%)	16,566 (2.3%)
SC - Couldn't pay mortgage/rent on time			
No	777,213 (98.6%)	140,034 (98.1%)	917,247 (98.5%)
Yes	11,209 (1.4%)	2,742 (1.9%)	13,951 (1.5%)
SC - Been unable to heat home			
No	781,866 (99.2%)	141,697 (99.2%)	923,563 (99.2%)
Yes	6,556 (0.8%)	1,079 (0.8%)	7,635 (0.8%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
SC - Hardship scale			
0	440,395 (73.6%)	74,921 (65.2%)	515,315 (72.2%)
1	70,653 (11.8%)	16,199 (14.1%)	86,852 (12.2%)
2	32,963 (5.5%)	11,340 (9.9%)	44,303 (6.2%)
3	21,026 (3.5%)	5,869 (5.1%)	26,895 (3.8%)
4	12,047 (2.0%)	2,482 (2.2%)	14,529 (2.0%)
5	8,991 (1.5%)	1,350 (1.2%)	10,340 (1.4%)
6	4,694 (0.8%)	962 (0.8%)	5,655 (0.8%)
7	3,154 (0.5%)	635 (0.6%)	3,790 (0.5%)
8	2,840 (0.5%)	511 (0.4%)	3,352 (0.5%)
9	633 (0.1%)	574 (0.5%)	1,207 (0.2%)
10	1,082 (0.2%)	0 (0.0%)	1,082 (0.2%)
11	177 (0.0%)	0 (0.0%)	177 (0.0%)
SC - Experienced because no place to live			
Yes	9,819 (3.6%)	7,055 (10.3%)	16,874 (4.9%)
No	263,312 (96.4%)	61,655 (89.7%)	324,967 (95.1%)

	Not received CRA in the early stage N (%)	Received CRA in the early stage N (%)	Total N (%)
	Mean (sd)	Mean (sd)	Mean (sd)
SC - Stressful Life Events Index	2.089 (2.077)	2.500 (2.430)	2.152 (2.140)
Amount paid for home (weekly)	367.423 (294.919)	273.446 (153.679)	345.997 (272.182)
Weekly rent	331.262 (184.540)	260.462 (122.436)	286.083 (151.790)
Household income	2,296.296 (1,649.896)	1,148.225 (761.026)	2,050.694 (1,576.484)

Source: Authors, based on LSAC data.

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