

# **Measuring the distributional impact of direct and indirect housing assistance**

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# Abbreviations and symbols

## Abbreviations

ABS	Australian Bureau of Statistics
AHS	Australian Housing Survey
AHURI	Australian Housing and Urban Research Institute
CGT	capital gains tax
CRA	Commonwealth Rent Assistance
CSHA	Commonwealth-State Housing Agreement
FaCS	Australian Department of Family and Community Services
FHOG	First Home Owner Grant
FTBA	Family Tax Benefit Part A
GDP	gross domestic product
GST	goods and services tax
PBS	Pharmaceutical Benefits Scheme
PRA	Private Rental Assistance
ROGS	Report on Government Services
SCRCSSP	Steering Committee for the Review of Commonwealth/State Services Provision

## Symbols in tables

\$	Australian dollars
%	Per cent
..	Not applicable
—	Nil or rounded to zero (including null cells)
*	When used in front of a numerical value increases the value is subject to sampling variability too high for most practical purposes and/or the relative standard error is between 25% to 50% inclusive.
**	When used in front of a numerical value increases the value is subject to sampling variability to high for most practical purposes and/or the relative standard error is more than 50%

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# Overview

The way in which government benefits and taxes are distributed amongst households is an area of growing interest in economic and social policy reflected in the recent reforms to taxation and income support (Reference Group on Welfare Reform 2000; Treasury 1998). In the housing context government taxes and benefits play an important role in shaping the supply and demand for housing in Australia. Commonwealth, state and territory as well as local governments have a wide range of policies and programs that may contribute to the tenure choices made by households.

The purpose of this paper is to present aggregate and distributional data on the major forms of housing assistance provided both through government outlays and taxation expenditures. These include five major benefit areas: direct assistance provided through Commonwealth Rent Assistance (CRA), public rental housing rebates under the Commonwealth-State Housing Agreement (CSHA), the Australian Government's First Home Owner Grant (FHOG), and indirect assistance through non-taxation of imputed rent for owner-occupiers and capital gains tax exemption for home owners.

This report by the Australian Institute of Health and Welfare (AIHW) is the Institute's contribution to the Australian Housing and Urban Research Institute's (AHURI) research project 60098: a distributional analysis of the impact of direct and indirect housing assistance. While it covers a range of assistance types, the data presented in this paper are not comprehensive due to the diversity of forms of assistance and the lack of information at the national level on these benefits. The approach taken in this paper represents only one methodology that can be employed, and it is important to recognise that other assumptions could be used in estimating the value of assistance to households.

## **The analysis of the distribution of housing assistance in Australia**

In Australia there have been relatively few attempts to examine the distributional implications of the direct and indirect assistance provided to housing. Flood and Yates (1987) undertook some of the earliest work in Australia. The work done for this paper is based on the methodology employed in that study and completes the first detailed update of this seminal work. It has been undertaken by the Institute under the auspices of an AHURI research project, the first stage of which was completed by Judy Yates and reported in a companion piece to this paper (Yates 2002b). This first stage provided estimates of the extent of the major forms of assistance provided to home owners through FHOG and through tax expenditures arising from the income tax system and examined the distributional impact of these forms of assistance.

Brief results from the second stage of this AHURI project were presented in Australia's Welfare 2003, Chapter 5. This paper sets out the underlying methodology and more detailed results of that project by providing data on the distributional impact of the major forms of direct housing assistance provided to renters. It also integrates the results of the two studies to give an overview of the distribution of these direct and indirect housing benefits and the characteristics of the households receiving these benefits.

# Executive summary

The type and level of government housing related benefits to households vary considerably across tenure types. In rental markets the benefit is relatively easy to identify and quantify. In homeownership this is a more difficult task given the range of benefits and taxes that home ownership attracts. Due to data limitations the results presented in this report examine aggregate values of assistance in 2000–01 based on administrative data and examine the distribution of this assistance based on the 1999 Australian Bureau of Statistics Australian Housing Survey data.

## The value and distribution of direct and indirect housing assistance across tenure type

In 2001–02 the value of the assistance measured in this paper was estimated to be \$25.2 billion. This covers the value of government outlays (direct assistance) and taxation expenditure (indirect assistance) and comprised:

- Direct assistance to renters valued at \$3.2 billion comprising:
  - \$1.8 billion for rent assistance to private renters through the Commonwealth Rent Assistance, and
  - around \$1.4 billion for housing assistance to public renters under the Commonwealth–State Housing Agreement.
- Direct assistance for homeownership through the Australian Government First Home Owner Grant of approximately \$1 billion.
- Indirect assistance to home owners valued at around \$21 billion in the form of:
  - capital gains tax exemption<sup>1</sup> of \$13 billion, and
  - imputed rent tax exemption benefit<sup>2</sup> of \$8 billion.

While the value of indirect assistance is greater than direct assistance by a factor of five, the different nature of this assistance and the basis used to measure these benefits make such direct comparison unreliable.

This report shows how, in 1999, the distribution of this group of benefits varies across households by income group, household type and location:

- Benefits to renters are targeted to low income households while benefits to home owners are not.
- More than 77% of the total CRA benefit was received by households with incomes in the bottom two income quintiles; 90% of the total public housing rental subsidy was received by households in public housing with incomes in the lowest two income quintiles (Table A4.3).
- Assistance to home owners, on the other hand, primarily benefits higher income households. Nearly 70% of tax benefits towards home purchasers went to households

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<sup>1</sup> See Glossary for definition of capital gains tax exemption.

<sup>2</sup> See Glossary for definition of imputed rent tax exemption.

with incomes in the top two income quintiles. The tax benefit towards home owners without mortgages shows that a significantly higher proportion of this benefit (93%) was received by households with incomes in the top two income quintiles (Table A4.3).

- Specific groups such as youth or income support recipients are targeted in rental assistance. Sole parents, aged pensioners and young persons had high levels of access to CRA and public rental rebates. Assistance to home owners was more generally spread across the population.
- The distribution of housing benefits varies across states and territories based on the different proportions of renters and owners present. In 1999 homeownership varied from 75% of all households in Victoria to 46% in the Northern Territory (Table 4.6). Private renters range from 37% of total households in the Northern Territory to 17% in South Australia. Public renters comprise 13% of households in the Northern Territory and only 3% in Victoria. These features impact on the distribution of government housing assistance in terms of absolute and relative values across states and territories.

## Private renter households

At June 2001 there were approximately 943,000 income units receiving CRA. The majority of these were private renters. It is estimated that this comprised 698,000 households (Table 2.2). Private renter households which receive CRA benefited an average amount of \$2,470 per year, which varied from \$2,850 in the Northern Territory to \$2,060 in Tasmania. Differences in household income and size and rent distributions contribute to these variations.

The distribution of CRA amongst households showed that in 1999 over three-quarters of total government expenditure on CRA (77%) was received by households in the lowest two income quintiles.

Queensland and Tasmania reported over 8% of their total population in receipt of CRA – well above the national average of 6% based on the 1999 data. The Northern Territory and the Australian Capital Territory reported the lowest proportion at 1% and 2% of the total population respectively (Table 2.6).

Across household types there is significant variation in both the proportions renting in the private rental market and the proportion of these renters that are receiving CRA. Group households and one-parent households have the highest proportions of their groups in private rental at 71% and 37% respectively compared with an average of 22% across all households (Table 2.7). However for group households only 14% are CRA recipients compared with the average of 26% of all private renter households. For one-parent private renter households over two-thirds (69%) receive CRA. This reflects the different characteristics of these two groups in key areas such as income and labour force participation.

Similarly for households where the age of the reference person is under 25 years of age there is a very high proportion of households that are private renters (72%) yet use CRA at a rate just below the national average. For households where the head is aged 65 years or more the proportion of households in the private market is relatively small, comprising only 7% of such households, but 44% of these private renters receive CRA.

## Public renter households

In 2000–01 approximately 88% of the 342,500 public rental households in Australia received a rebate.<sup>3</sup> This represents around 302,500 households. Public renter households that receive a rebate get an average benefit of \$4,150 per year which varies from \$5,380 in New South Wales to \$2,220 in Tasmania (Table 2.11). Different household income levels of tenants and market rent of public housing dwellings contribute to these variations. Due to significant changes in the 1999 CSHA over previous agreements relating to targeting those in most need the 1999 survey data may not reflect current proportions of tenants receiving rebates and their level of rebates (AIHW 2001a).

The distribution of the rebate amongst households showed that in 1999 households in the lowest two income quintiles received over 90% of the total value of rebates. While rebated public rental households represent 4% of all households they are 12% and 6% of all households in the first and second income quintiles respectively (Table 2.13).

In 1999 the proportion of rebated public renter households in the total population varied across states and territories from 10% in the Northern Territory to 3% of the total population in Victoria (Table 2.14). Similarly the Northern Territory had the highest proportion of public housing renters (rebated and non-rebated) to total households at 13% while Queensland had the lowest at 3%. From the survey data Queensland had the highest proportion of public renters who were receiving a rebate (86%) while South Australia had the lowest with only two-thirds of all public renter households being identified as in receipt of a rebate<sup>4</sup> (Table 2.15).

Twenty-one per cent of one-parent households are in public rental households and 83% of these receive a rebate (Table 2.17). While only 2% of all group households are in public rental housing, nearly all of them (95%) receive a rebate.

In public housing there are above average numbers of households where the reference person is under 25 years of age or aged 65 years or more. In 1999, 7% of households where the age of the reference person is under 25 years were in public rental housing as were 7% for the 65 years and over group, compared with 5% for the population overall (Table 2.19). For the under 25 years group 93% received a rent rebate while for the 65 years and over group the proportion was 72%.

## Home owners

Data on access to home owners' benefits through grants and tax expenditures are more limited than data on the rental sector. In this report a range of assumptions had to be made to derive benefits values and examine their distribution.

The value of the First Home Owner Grant was distributed on a per household basis to new purchasers while the data on exemption from capital gains tax and imputed rent were spread over the 70% of households who fully own or are purchasing their dwelling (Table 1.1). This differs from the methodology used to determine the CRA or public housing rental rebate, where recipients and value of CRA or public housing rental rebates could be uniquely identified and estimated.

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<sup>3</sup> See Glossary for definition of rent rebate.

<sup>4</sup> See Appendix 4 (Table A6) for a comparison of the Australian Housing Survey 1999 and administrative CRA and rebate data.

In 1999 homeownership varied from 62% in the lowest income quintile to 83% in the top quintile. In the lowest quintile this comprised 54% of households being owners without mortgage and 8% being home owners with mortgage. In the top quintile 31% were owners without mortgage and 51% owners with mortgage (Table 4.5).

The mean dwelling value in Australia in 1999 was \$222,000 ranging from \$297,000 for New South Wales, to \$125,000 for Tasmania. Equity values also varied from \$248,000 in New South Wales, to \$99,000 in Tasmania (Table 3.3).

Across all home owners the proportion of equity in the dwelling increases with the age of the reference person. In households where the age of the reference person is 25 to 34 years, average equity is 50%, increasing to 69% for the 35 to 44 years group, 86% for the 45 to 64 years group, reaching 99% for the 65 years or more group (Table A3.3).

### **First Home Owner Grant (FHOG)**

The First Home Owner Grant provided to Australian citizens who purchased a new or established dwelling a one-off \$7,000 payment. Assistance is not means tested, but the applicant must not have previously owned a home and the property must be intended to be a principal place of residence.<sup>5</sup>

As the FHOG was not operating in 1999 an estimate based on the 2000 criteria was used to illustrate the distribution. Based on this approach almost half of the total value of FHOG was received by households with incomes in the top two income quintiles. Another 32% of this benefit went to households with incomes in the third income quintile (Table A4.3).

### **Imputed rent exemption**

In 2000-01 the net value of non-taxation of the imputed rent after allowing costs to be deductible for owner-occupiers was estimated to be approximately \$8 billion of tax expenditure (Table 3.1). The estimation of imputed rent tax expenditure as with the value of imputed rent from owner occupation varies considerably by state and territory based on dwelling and equity values.

Across all income groups the average value of non-taxation of the imputed rent was \$1,600 based on 1999 data. This ranged from zero to home owners in the lowest income quintile to \$2,400 per year per household in the top quintile. For owners without a mortgage (outright owners) the average value was \$3,200 while for owners with a mortgage (purchasers) the value was negative \$300 per year per household.

For households where the reference person was young (25-34 years of age) the average annual value of imputed rent was negative valued at -\$1,200. Negative benefits applied on

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<sup>5</sup>To offset the impact of the introduction of the goods and services tax, from 1 July 2000 the Australian Government established the First Home Owner Grant. The grants are administered by the states and territories and provide Australian citizens who purchase a new or established dwelling with a one-off \$7,000 payment. Assistance is not means-tested, but the applicant must not have previously owned a home and the property must be intended to be a principal place of residence. During March 2001, the Australian Government introduced an Extra First Home Owner Grant for New Homes, providing an additional \$7,000 grant, non-means tested, for first home owner applicants constructing or purchasing a new dwelling. This additional grant was reduced to \$3,000 from 1 January 2002 and ceased on 30 June 2002. The states and territories also administered this grant (FHOG on-line 2001).



average only to young households with higher income, because of their greater capacity to service mortgage debt.

### **Capital gains exemption**

In 2000-01 the value of the exemption from capital gains tax to home owners was estimated to be approximately \$13 billion of tax expenditure (Table 3.1). To examine the distribution, the potential benefit of this tax expenditure was spread over the 70% of households who fully own or are purchasing their dwelling.

In 1999 the estimated distribution of capital gains was \$1,200 per household who fully own or are purchasing their dwelling, ranging from zero in the lowest income quintile to \$2,300 per household in the top income quintile (Table A3.2).

### **The effect of the different housing benefits**

The most noticeable effect on welfare is the ability of housing assistance to improve a household's command over goods and services by reducing the amount of household budget that has to be allocated to meet housing costs. By reducing housing costs either through government outlays or taxation expenditures households are able to devote less of their budget to housing.

For private rental the value of CRA is currently included in the gross household income distributions presented in this report. However the value of public renter rebates and tax expenditures are not, and the significant value of these forms of benefits is likely to change the relative income levels of those households that attract these benefits.

Access to public housing rebates does not increase measures of household gross income but reduces the proportion of a household's budget that has to be spent on housing and basic living costs. Similarly tax concessions to owner-occupiers contribute to home ownership rates, and provide home owners with a higher standard of housing consumption than would otherwise be possible. One effect of this is to improve the adequacy and affordability of housing for older people. As a result, considerable pressure has been taken off the age pension system and CRA payments.

Despite the inclusion of imputed rent in national accounts data, most income distribution studies do not include imputed rent in the definition of household income. In general, this is said to be because of the difficulties associated with its measurement. The inclusion of these indirect benefits, however, may significantly change the distribution of income.

# 1 Housing assistance in Australia

## 1.1 Background

One of the principal aims of housing assistance is to overcome the problems that households face in obtaining or retaining suitable accommodation – whether due to cost, availability or adequacy – and to provide households with the flexibility to meet changing demand.

In providing shelter that is basic to general health and wellbeing, housing assistance represents an important element of Australian, state and territory governments' social policy and welfare frameworks. The Australian Government and the states and territories have developed and implemented strategies aimed at providing housing assistance to people on low incomes or with special needs, and at preventing and reducing homelessness. Similarly governments have supported home ownership through a range of government outlays and taxation expenditures. These forms of assistance may vary in their purpose and impact, reflecting the different economic and social objectives they support. Some are highly targeted to low income or households with special needs while others are universally available (AIHW 2003b).

Housing assistance can take many forms. It may be one-off, such as with the First Home Owner Grant (FHOG) or it may be ongoing, such as with Commonwealth Rent Assistance (CRA). It may be a part of a housing program such as the Commonwealth-State Housing Agreement (CSHA), or it may be provided in the form of general income support such as CRA or as a tax expenditure such as through the capital gains tax exemption for owner-occupiers. It can be measured in terms of budget outlays, such as the specific purpose payments or capital outlays for public housing, or it can be measured in terms of the benefits derived by those in public housing who are charged below market rents. In this report housing assistance is used in a broad sense to include assistance that is based on economic or social policies and programs that are not in the first instance for the purpose of housing assistance. For example, supplementary payments through the income support system are often considered as income support and not housing assistance and treated as such in government budget reporting. Similarly some taxation expenditures such as land tax exemption for owners are not simply a form of housing assistance. The impact of state/territory taxes and exemptions, however, is beyond the scope of this report.

Most of the housing assistance provided in Australia is tenure specific: that is, it varies according to the tenure of the recipient. Table 1.1 provides an overview of the tenure structure in different regions of Australia as at 1999.

**Table 1.1: Percentage of each tenure group within state/territory, 1999**

Tenure	State or territory								All
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	
Owners without mortgage	40.6	42.5	34.8	34.2	38.2	40.5	30.8	16.0	38.8
Owners with mortgage	28.9	32.2	32.7	33.7	30.8	30.1	37.3	29.7	31.3
<i>All owners</i>	<i>69.6</i>	<i>74.8</i>	<i>67.5</i>	<i>67.9</i>	<i>69.0</i>	<i>70.5</i>	<i>68.0</i>	<i>45.7</i>	<i>70.1</i>
Public renters	5.3	3.8	3.4	4.5	10.7	5.9	10.1	13.3	5.1
Private renters	23.0	18.7	26.3	24.1	16.9	20.4	20.4	37.0	22.1
Other tenure <sup>(a)</sup>	2.1	2.7	2.8	3.5	3.4	3.2	1.5	4	2.7
<b>All</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(a) Includes dwellings being occupied rent-free, community housing.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

For the 39% of households owning their home and the 31% who are purchasing their home housing assistance includes:

- government outlays such as the FHOG, CSHA Home Purchase Assistance and the Aboriginal and Torres Strait Islander Home Ownership Program;
- tax expenditures including the non-taxation of imputed rent from owner occupation, rates and land tax concessions and capital gain and stamp duty exemptions;
- government regulations and standards in housing and financial markets; and
- other assistance such as home purchase advisory and counselling services.

The 22% of households in the private rental market may be eligible for assistance through a range of policies and programs. The major types of assistance are:

- government budget outlays including financial assistance to households to pay rent, bond and relocation costs;
- tax expenditure providing incentives for investors and landlords through negative gearing incentives;
- government regulations and standards for tenants and landlords including residential tenancy legislation and 'affordable housing' planning regulations;
- other services such as tenant advice services and automatic rent deductions for income support recipients.

The 5% of households in public rental housing receive a range of assistance through:

- capital outlays covering rebate/subsidised rent, repairs, maintenance and upgrade, housing modification, construction and purchase;
- security of tenure;
- government regulations and standards: appeals mechanisms, regulations aimed at ensuring only low income households access low income rental housing, allocations policy; and
- priority allocation and relocation, and coordination of support services.

Government assistance to households in community housing (which comprise less than 1% of all households in Australia), including Indigenous community housing, takes many forms covering:

- tenants' access to rebate/subsidised rent along with access to Commonwealth Rent Assistance, recurrent funding of organisations and undertaking of repairs, maintenance and upgrades and capital funding for dwelling and infrastructure construction;
- taxation benefits including charitable tax status for organisations;
- government regulations and standards which provide skills development, accreditation, development of specific building guidelines and regulations aimed at ensuring only low-income households access low income rental housing; and
- other activities of government including sector coordination, partnerships and incentives and coordination of support services and transition paths to long-term accommodation.

## **Why examine the distribution of different types of housing assistance?**

The cash, non-cash and tax expenditures of government related to housing assistance comprise an important part of Australia's 'social wage'. Other major components are the provision of health care, education and community services.

This assistance replaces or reduces the expenditure of individual household members on housing goods and services. It allows for a greater portion of the household budget to be available for non-housing goods and services, contributing to the level of household wellbeing.

The desirability of examining the effect of both direct and indirect assistance can be demonstrated by the following scenario: if public housing tenants no longer received a non-cash rent rebate but were charged a market rent and received cash rent assistance from Centrelink, there would be an apparent increase in the cash income of these households. However, the capacity to purchase non-housing goods and services would remain unchanged for most households (or would even be reduced) as the increase in income is offset by the removal of their rent subsidies. This is due to the fact that the average value of a rebate to public housing tenants is greater than the amount they would receive from CRA for the same housing situation.

As will be indicated below, much of the government policy to improve living standards and address concerns of inequality has taken the form of indirect assistance or non-cash transfers. This is particularly so in the case of assistance provided to home owner and the International Labour Office has long recognised the importance of measuring the benefits derived from home ownership when examining income distributions. As housing assistance facilitates home ownership it may play an important role in income redistribution.

To understand how government housing assistance affects living standards it is therefore necessary to examine both cash and non-cash transfers of housing assistance.

## **Effects of housing assistance**

Housing assistance through government outlays, tax expenditures and regulatory activity may have a range of effects on individual households and communities. At an individual level, and in relation to housing outcomes, these can include incentive or price allocation effects whereby household behaviour is changed as a result of the assistance provided. This change in behaviour can relate either to the amount or quality of housing consumed or to tenure. It may also have an impact on non-shelter outcomes. At a broader level, the form of

housing assistance may have an impact on the amount and nature of housing supplied in the private or public sectors and, through this, an impact on the economy as a whole.

In terms of achieving what was seen as one of its principal aims – that of ensuring households are able to obtain or retain suitable accommodation – the effectiveness of housing assistance is likely to be measured in terms of how well it is targeted.

Government expenditures and transfers may be targeted to a variety of groups as part of the policy direction of the program, whether economic or social. In this report the measure used to examine the ‘targeting’ of particular government payments or tax expenditures is based on the degree to which it is specifically directed towards low income persons, income units or households.

No precise measures of the degree of targeting are calculated given the different bases of the data being examined. The way in which government benefits and tax expenditures are allocated varies across the area examined and this variation makes detailed analysis difficult. For individual households, rent assistance values are identified uniquely for that household while the value of tax expenditures is based on a derived average benefit for all eligible households in the income group.

Households in need of assistance in meeting their housing needs are likely to be those with the highest housing costs and with the least capacity to meet those costs. Within the younger age group, many of these are likely to be households with children. In broad terms, those with high housing costs will be households in the high-cost housing markets and households with high housing needs. Those with the least capacity to pay will be households in the lower part of the income distribution and households with children. Households in need of assistance in gaining access to home ownership are also likely to be younger households in the low to middle part of the income distribution with low savings. Over a lifetime, housing assistance provided to younger households to enable them to become home owners can result in reduced needs for housing assistance at a later stage in their life-cycle if these households had remained in rental housing.

The long-term budgetary implications of the type of housing assistance provided is likely to become increasingly important with the ageing of the population and with changing tenure patterns over time and space.

## 1.2 Analysis of the distribution of housing assistance in Australia

The current interest in structural ageing and understanding the spatial aspects of housing provision needs to be informed by data that examine a wider range of housing assistance than just government outlays, particularly in light of the implications that assistance provided to improve access to homeownership to younger households may have in reducing pressures for rent assistance as these households age. There is an increasing concern that the failure to examine the impact of capital outlays and taxation expenditures may lead to a distorted view of the impact of housing assistance.

In 2001-02, Australian Government expenditure on housing was approximately \$25.2 billion. It comprised: \$21 billion of government taxation expenditures; First Home Owner Grant of \$1 billion; \$1.4 billion capital expenditure through the CSHA (primarily public housing); and \$1.8 billion on CRA.

A distributional analysis of the indirect assistance provided to housing through the federal tax system was reported in a companion piece to this paper (Yates 2002b). In the initial output from the Australian Housing and Urban Research project conducted by Judy Yates, data were provided on assistance provided to home owners through FHOG and on the level and distribution of assistance provided by tax expenditures arising from the current income tax system.

This paper complements the data in its companion report by providing data on the distributional impact of the key forms of direct housing assistance. It extends it by integrating the results of the two studies to give an overview of the extent to which direct and indirect housing assistance is targeted to those most in need of it.

Direct assistance is delivered to low income renters through:

- Commonwealth Rent Assistance (CRA), which provides assistance towards rental costs for households on income support renting privately; and
- the Commonwealth-State Housing Agreement (CSHA), which funds public rental housing, community housing (including crisis accommodation and state-owned and managed Indigenous rental housing assistance).

The assistance through budget outlays arise from expenditure on:

- CRA – the major recurrent outlay to private renters; and
- public housing – the major capital outlay of the CSHA.

Across tenures other subsidies exist such as Private Rental Assistance under the CSHA program, and the ATSIIC HO program. Similarly, the Supported Accommodation Assistance Program (SAAP), Aboriginal hostels and nursing homes provide accommodation but are outside the scope of this study.

## 1.3 Data sources

Three main sources of data are used in this paper:

- The 1999 Australian Housing Survey (AHS) with a final sample of 13,800 households across Australia (the distributional information presented in the paper is based on this survey data – for an overview of this survey see ABS (2000c)).
- The CSHA Public Housing 2001–02 data.
- The June 2001 CRA administrative data.

## 1.4 Caveats on the approach used

- In this report the aggregate measures are based on 2001–02 data and the distribution of assistance is based on the 1999 ABS Australian Housing Survey which represents the most up-to-date, data source detailed to enable these estimates to be calculated. The use of this data source may provide data that are different from administrative data in areas such as Commonwealth Rent Assistance and public housing rent rebates.
- The calculation of rebate values in public housing is based on market rents estimated from the 1999 Australian Housing Survey. These estimates may differ from estimates of market rent using different data sources.
- The First Home Owner Grant was not in place in 1999 but data for 1999 have been used here as a proxy measure for their likely distributional impact.
- Imputed rent of owner-occupation, while being a major item in Australia’s system of national accounts, is not a concept that is widely used or applied in measures of the distribution of assistance in the Australian context. Calculations of the imputed rent associated with owner-occupation were based on a conservative set of assumptions consistent with national accounts estimates.
- Agreed methodologies for estimating and allocating taxation expenditures are not readily available in Australia and the range of assumptions and limitations of the survey data used should be borne in mind when interpreting the data presented. The estimates presented here are not estimates of how much revenue would be raised if the tax system was changed, because people’s behaviour could change in response to changes in the tax system.
- The value of exemption from capital gains for home owners is not realised for individual home owners on an annual basis but only at disposal of the current dwelling. The average value approach used here, however, is based on an annualised average equivalent to what would be the lump sum on realisation. This has the effect of smoothing the impact of capital gains on household income.
- The values of assistance for CRA and rent rebates can be estimated directly from data available in the 1999 AHS. The value of assistance provided by the FHOG, imputed rent and capital gains exemption, however, is derived from, and distributed according to, a

number of assumptions. There may be alternative approaches that could be employed both to estimate the amount of assistance and to distribute it at a household level.<sup>6</sup>

- Estimates of capital gain are based on trends in dwelling prices up to 1999 and so do not take into account the very significant Australia-wide increases in dwelling prices from 2000 to 2003.

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<sup>6</sup> Yates (2002b) provides a sensitivity analysis for at least some of the assumptions made.



# 2 Housing assistance to renters

## 2.1 Overview

Commonwealth Rent Assistance (CRA) provided to social security recipients in the private rental market and subsidised public housing funded through the CSHA are the two major forms of direct housing assistance provided to renters.

CRA is the major form of assistance to private renters and it is paid directly by Centrelink as part of its income support payment. CRA is a non-taxable income supplement paid by the Australian Government to income support recipients or individuals and families who receive more than the base rate of the Family Tax Benefit Part A (FTBA) in recognition of the housing costs they face in the private rental market. All pensioners, allowees (that is, recipients of allowances such as Newstart Allowance), beneficiaries and those receiving more than the base rate of FTBA may be eligible for this assistance.

CRA is paid at a rate of 75 cents for every dollar of rent above a given threshold until the maximum payable rate is reached. The maximum rates and thresholds vary according to a client's situation and their number of children (Table 2.1). For single people without children, the maximum rate also varies according to whether accommodation is shared with others. Rent thresholds and maximum rates are indexed on 20 March and 20 September each year to reflect changes in the consumer price index.

**Table 2.1: Eligibility and payment scales for CRA for Centrelink clients (dollars per fortnight), 20 March 2000**

Personal circumstances	Minimum rent to be eligible for CRA	Minimum rent to be eligible for maximum CRA	Maximum CRA	Average CRA paid
Single, no children	73.80	176.73	77.20	59.08
Single, no children, sharer	73.80	142.47	51.50	43.48
Single, 1 or 2 children	97.00	217.27	90.20	69.02
Single, 3 or more children	97.00	233.00	102.00	81.94
Partnered, no children	120.20	217.00	72.60	58.92
Partnered, 1 or 2 children	143.60	263.87	90.20	71.30
Partnered, 3 or more children	143.60	279.60	102.00	78.88
Partnered, illness separated, no children	73.80	176.73	77.20	72.12
Partnered, temporarily separated, no children	73.80	170.60	72.60	73.56

Source: SCRCSSP 2001, volume 2, table 16.1, p.759.

The second major form of assistance to renters to be considered is that provided by the public housing system. Though small by international standards, public housing provision has been a major form of housing assistance to low income households in Australia since the establishment of the CSHA in 1945. It has been the primary policy response to the failure of

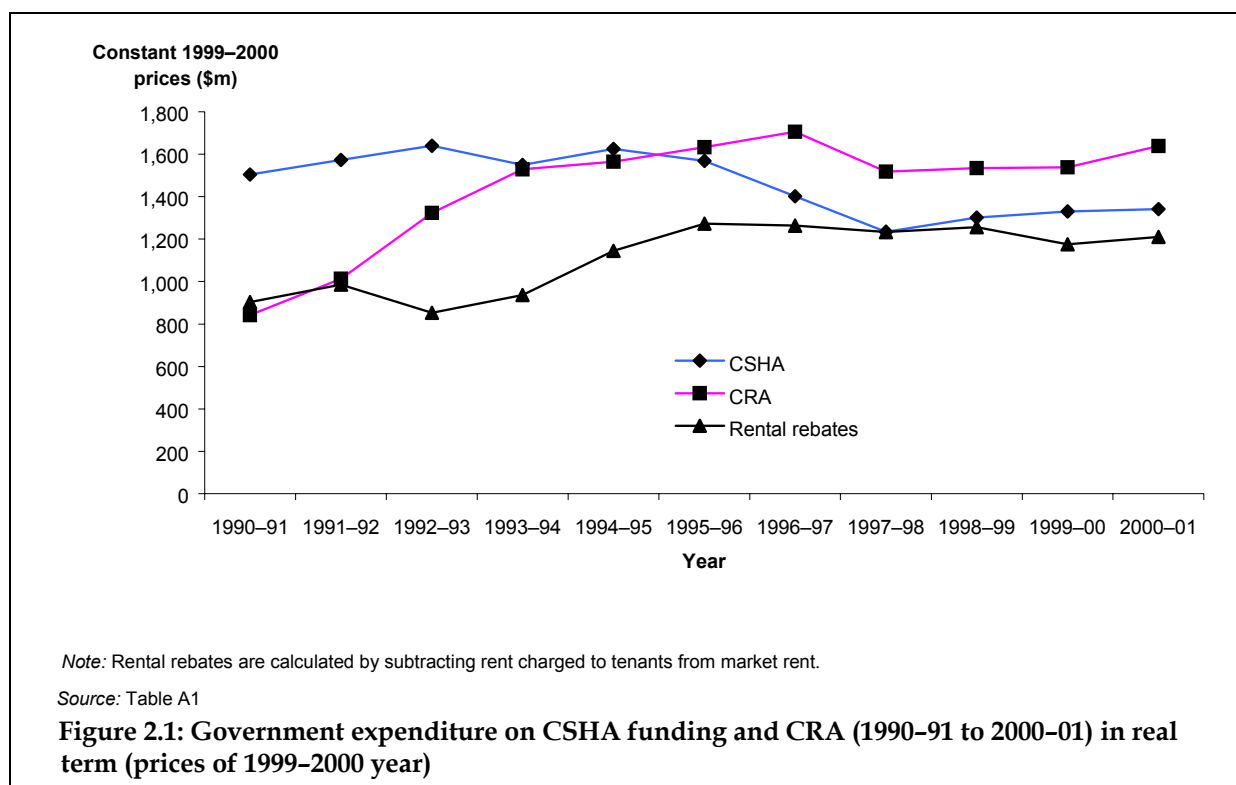
the private market to provide adequate, affordable, secure and accessible accommodation for people on low income.

Public housing is administered by the states and territories, which provide publicly owned dwellings that are funded through the CSHA and used to provide appropriate, affordable and accessible shelter for low to moderate income earners who are unable to enter the private market. Eligibility for public housing is determined by multi faceted criteria designed to identify those most in need. Under this program, low income public housing tenants pay reduced rents to housing authorities, and the level of rent paid is based on household income. Although rent rebate schemes are not uniform across state housing authorities, most of the states share a consensus that rent charged to tenants eligible for a rebate will not exceed 25% of their household assessable income. The rental rebate is the difference between what tenants are charged and the market rent they would pay without a rebate.

In 2001-02, the Australian Government provided over \$1.8 billion through CRA, and the Australian, state and territory governments provided slightly less than \$1.4 billion for housing programs covered by the CSHA. Public housing accounted for the majority of CSHA funding. Assistance to renters through these two programs provides the focus of this paper. The CSHA also provides funds for community housing, as well as State and Territory Owned and Managed Indigenous Housing, Home Purchase and Home Ownership assistance, Private Rental Assistance and the Crisis Accommodation Program. Within the \$1.4 billion funding for CSHA, only a small amount was spent on these five CSHA programs – for example, \$80 million was spent on private rent assistance (SCRCSSP 2001). Inadequate data prevents a detailed analysis of these relatively small programs. Other forms of government assistance that provide accommodation, such as the Supported Accommodation Assistance Program, Aboriginal hostels, and nursing homes, also are not included in the analysis in this section.

Figure 2.1 below provides an indication of the changing relativities in the amount of assistance provided in real terms (1999-2000 GDP deflators were used as constant prices) over the last decade through CRA and the CSHA as reflected in budget outlays.

## CSHA funding and CRA expenditure



## Measuring the value of assistance

In measuring the value of government assistance to households there is a range of methodologies possible (US Department of Commerce 1984). Regarding assistance to renters the two most common approaches are the outlays approach and the market value approach. In this report two different methods are used for examining rental assistance for both these approaches: a recipient value approach and a cell/population average approach.

### The outlays approach

The outlays method looks at the actual government budget outlays. These may be in the form of:

- cash transfers between government and the community or government and a third party provider; or
- the budget cost to the government of providing a service.

In this approach the value of housing assistance to the community is calculated by summing all related recurrent and capital expenditure net of any receipts or repayments from the community. Under this method administration costs may be included or excluded.

In terms of measuring the two rental assistance programs examined in this report:

- Commonwealth Rent Assistance is measured in terms of the cash value of the CRA entitlement; and
- public housing is measured in terms of the net outlays of Australian and state/territory governments in the provision of public rental housing.

This method has the advantage of simplicity; only expenditure recorded in budget statements are taken into account, and the subsidy is the net government expenditure in a given year. It is a useful measure for policy makers because it takes account of budget constraints in the current year and it provides an estimate of the impact of the government's housing budget on the economy.

Using this method, Figure 2.1 shows that CRA expenditure increased nearly 95% in real terms between 1990–91 and 2000–01, while expenditure on CSHA assistance has declined by almost 11% over the same period. The average annual increase rate of CRA expenditure is nearly 7%, whereas net expenditure through the CSHA has decreased annually by 1%.

However, considerable caution should be taken in interpreting these data as indicators of the relative assistance provided to renters under each program. CRA is a demand-driven recurrent expenditure program, whereas CSHA expenditure includes a component for capital investment that has resulted in approximately \$30 billion of public housing assets that have the potential to provide ongoing assistance in the form of below market rents.

In other words, the net expenditure method based on budget outlays has significant weaknesses as a measure of the amount of assistance provided to those in public rental housing. It ignores the benefits to present generations that accrue from spending in the past and considers only the benefits to current recipients of housing assistance. These issues do not arise in relation to CRA which is based only on recurrent expenditures.

### **The market value approach**

The second method estimates the value of the assistance in terms of the effect the subsidy has in changing the price paid for rent by the consumer. This approach overcomes the weakness in relation to capital outlays noted above. It is based on the annual costs of the flow of housing services received by various groups, compared with what they would have to pay in the absence of government intervention. It should be noted that the value placed on the subsidy may be an average or marginal value as this approach utilises an imputed market value which is not in fact realised and this assumption may be challenged. In addition, the market rents that would apply to public rental dwellings in the absence of government subsidies are difficult to determine.

Using the market value approach:

- the value of Commonwealth Rent Assistance is the same as measured in terms of the cash value of the CRA entitlement; but
- the value of assistance provided to public renters is measured by taking the private rental market values as a benchmark, so that the cost of occupying a dwelling is compared with the market rent value. The rent subsidy/rebate towards public rental housing is then measured by subtracting rent charged by government from the market rent value.

The difference between this and the outlays approach for public housing is shown in Figure 2.1. The value of the rental rebates provides an alternative value of the assistance provided by the assets funded through CSHA outlays. In 1990–91 rebates amounted to nearly \$904 million and increased to \$1,211 million (using 1999–2000 constant prices) in 2000–01, corresponding to an increase of nearly 60% in real terms in the last decade. The average annual rate of increase in real terms is 4.8% between 1990–91 and 2000–01. This compares with the 7% growth in CRA. The rise in the value of rent rebates, despite a decline in CSHA allocations, reflects the combined effect of the increase in the market rental value of existing public housing and the increased targeting of the stock available (and hence the reduced capacity to pay of public housing tenants).

## **Allocating assistance to population groups**

In this report two different methods are used for examining the distribution of rental assistance – a recipient value approach and a cell/population average approach. Both approaches are widely used in income distributional analysis but provide different measures of distribution of housing assistance.

### **Recipient value approach**

The recipient value approach measures the actual average value of assistance to only those households in a population group that are eligible and currently access this benefit. It averages the benefit across only current recipient households of the type identified.

This approach identifies the value to the household currently receiving such benefits. It represents the average CRA benefit paid to CRA recipients, or rebate value that eligible public rental households receive.

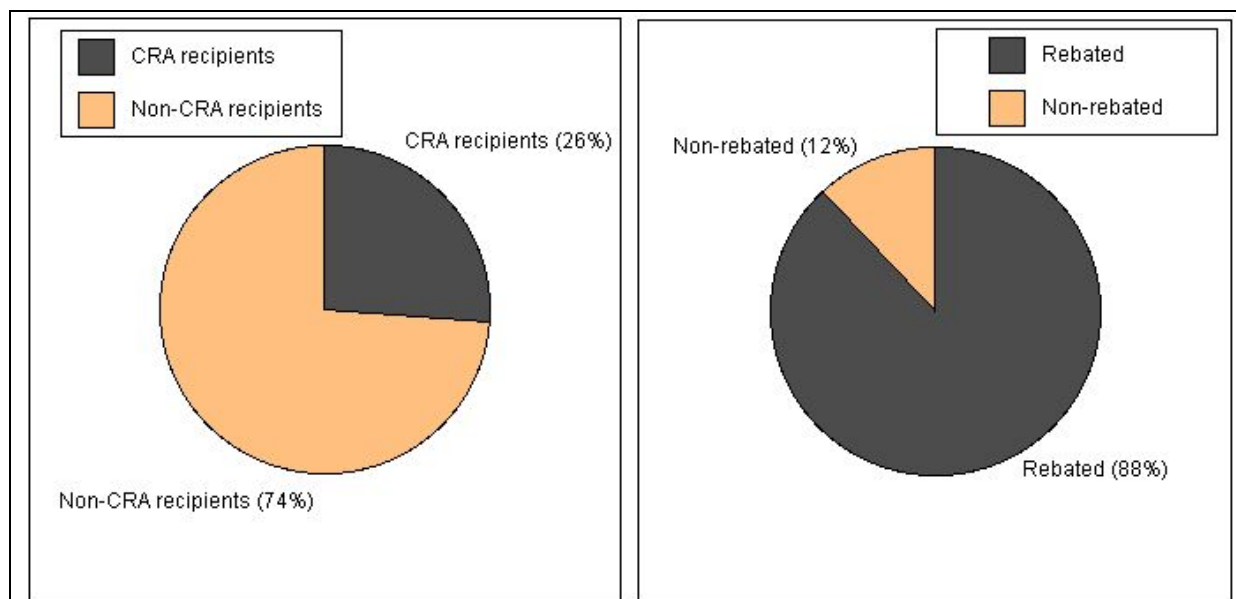
### **Cell/population average approach**

The cell/population average approach uses the value of assistance directed to a population group irrespective of whether individuals in the group are eligible or access this benefit. It averages the benefit across all households of the type identified. This approach is akin to that used in household expenditure surveys, consumer price indexes and fiscal incidence studies where distributions are presented in terms of a total relevant to that population group or geographic area.

In a policy context it equates to the 1996 introduction of pensioner charges for the Pharmaceutical Benefits Scheme (PBS) where a subsidy was applied to a population group, such as age pensioners, and not targeted to only such as age pensioners who use PBS medicines.

## **Notes in interpretation of data on these two forms of assistance**

As noted above, there are marked differences in the way CRA and public housing rebates policy and administration have developed and these issues should be borne in mind when interpreting the results presented in this section. CRA amounts are relatively transparent while public housing rebates are more complex to calculate and interpret. There will be relatively little difference in these measures for universal assistance available to all households. For targeted assistance, any differences will provide an indication of the relative size of the target population compared to the population as a whole.



Source: Australian Housing Survey, 1999, confidentialised unit record file.

**Figure 2.2: Distribution of beneficiary in private renters and public housing renters, Australia, 1999**

Figure 2.2 illustrates the basic difference in distribution of assistance to the private rental market and to public housing tenants.

The private rental market provides for all types of households, and low income CRA eligible households account for less than one-quarter of the total households. However, the public housing sector is by its nature predominantly occupied by low income households. The government's virtual monopoly in the provision of public housing means that as a sector it is well targeted and has very high proportions of low income households.

## 2.2 Assistance to private renters

### Aggregate measure

#### Commonwealth Rent Assistance (CRA)

The Australian Government spent over \$1.8 billion on CRA in 2001–02, and at June 2001, 943,877 income units were receiving this assistance – where an income unit is defined as either a single person or couple with or without dependants (AIHW forthcoming). Using an estimated ratio of income units to households, AIHW used the 1999 Australian Housing Survey to estimate the total number of households receiving CRA. It is estimated 698,300 households receive CRA, and the average amount of annual benefit was \$2,470 per household (Table 2.2). (See Appendix 3 for the methodology used in deriving the ratio of income units to households.)

**Table 2.2: Private renter households: total income units and households at June 2001 and estimated annual CRA payment for each household by state/territory, 2000-01**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
<b>number of income units</b>									
Total number of income units assisted at June 2001 <sup>(a)</sup>	316,545	201,477	237,125	86,956	64,586	22,704	8,375	5,861	943,877
<b>number of households</b>									
Total estimated number of households assisted at June 2001 <sup>(b)</sup>	229,300	140,900	184,000	63,000	52,100	19,100	5,400	3,800	698,300
<b>per cent of households</b>									
Percentage of households in private rental market receiving CRA <sup>(b)</sup>	22	27	32	28	27	41	3	10	26
<b>\$ per year</b>									
Average annual benefit each household received through CRA, July 2001 to June 2002	2,610	2,560	2,420	2,450	2,180	2,060	2,430	2,850	2,470

(a) SCRCSSP 2001, table 16A.48; FaCS data (unpublished).

(b) This estimate is based on AHS 1999 data.

Table 2.2 shows that, at a national level, 26% of private renters are receiving CRA benefits. However there is a large degree of variation in the percentage of households receiving CRA across jurisdictions. Tasmania has the highest percentage of private renter households receiving CRA (41%), while only 3% of households receive CRA in the ACT.

Within all jurisdictions, the annual payment of CRA for each household ranged from \$2,060 to \$2,850 per annum. In the Australian Capital Territory, the average CRA payment per household (\$2,430) was marginally below the national average of \$2,470. The level of payments in the Northern Territory was the highest of all jurisdictions at \$2,850 (Table 2.2). Factors that influence these results are variations in household composition, including differing ratios of income units to households in jurisdictions and income unit size, as well as rental variations and the differing proportions of CRA recipients receiving the maximum benefit.

### **CSHA Private Rental Assistance (PRA)**

In addition to the funding for CRA provided by the Australian Government, \$80 million was provided for CSHA PRA in 2001-02. Of this amount, \$46 million was in the form of loans for rental bonds, while \$28 million was for rental assistance. A total of 153,000 households received PRA in 2001-02. Due to insufficient data available on PRA in the 1999 AHS data, and to the small quantities involved when comparing with CRA, PRA is not included in the aggregate or distributional analysis. Details of PRA are published in the Housing Assistance Act Annual Report and the Institute's CSHA PRA national data report (AIHW 2003f).

### **Distribution measures**

As previously indicated, the distributional information presented in this section is based on the 1999 Australian Housing Survey carried out by the Australian Bureau of Statistics.

Information on household income cut-offs used to determine income quintiles can be found in Appendix 5.

## Comparability of data sources

A comparison of survey and administrative data suggests that the total value of direct housing benefits is slightly under-estimated in the survey data. The details of the discrepancies between the housing survey data and administrative data are available in Appendix 4.

Also, as the AHS 1999 data are a sample rather than a census, the estimates derived from the AHS 1999 are subject to sampling variability. One measure of sampling variability used in this paper is the relative standard error. In the tables which show distributional analysis, estimates with relative standard errors between 25% and 50% are indicated by placing one asterisk next to the figure while those with relative standard errors greater than 50% have two asterisks. For further information about sampling variability refer to additional information contained in ABS (2000c).

## Distribution of recipients and value of assistance

### Income quintiles

Overall more than 77% of total CRA benefits were received by households with incomes in the bottom two income quintiles (Table 2.3). This clearly shows that those households with incomes in the lowest income quintiles are most likely to receive CRA, reflecting the targeting of this benefit.

The greatest proportion of households receiving CRA in the total population were in the second income quintile (12%). The reason for there being greater use in this bracket than in the first income quintile (10%) is probably due to the greater number of private renters in the second income quintile (26% compared with 19%). The proportions of households receiving CRA among private renters are the highest in the bottom two income quintiles (53% and 46%). Overall, 26% of private renters receive CRA (Table 2.3).

The combination of higher average CRA benefit and the percentage of households receiving CRA in the total population explains the greatest proportion of total CRA benefits being received by households in the second income quintile.

**Table 2.3: Private renter households: percentage of households receiving CRA by household income quintile, 1999**

	Income quintile					All
	1st	2nd	3rd	4th	5th	
Percentage of total CRA benefit	34.5	42.6	18.2	4.0	0.6	100
Percentage of households receiving CRA in total population	10.1	11.9	5.1	1.4	0.3	5.8
Percentage of private renter households	19.2	25.6	27.6	22.0	16.2	22.0
Percentage of households receiving CRA among private renters	52.5	46.3	18.4	6.5	1.9	26.0

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.



There is little variation overall in the dollar amount of CRA received by households across the bottom four income quintiles. The average CRA benefit is estimated to be \$1,660 per recipient household per annum, but this varies from \$1,340 for recipients with incomes in the fourth income quintile to \$1,710 for recipients with incomes in the third income quintile. For recipient households in the first three income quintiles, the average amount received varies from the overall average by less than \$60. The fact that the highest average amount of CRA (\$1,710) is received by households with incomes within the third income quintile may reflect the ability of these households to secure higher cost rental properties and thus attract a higher benefit (Table 2.4).

**Table 2.4: Private renter households: annual average CRA amount by household income quintile, 1999**

	Income quintile					All
	1st	2nd	3rd	4th	5th	
All CRA recipients	1,650	1,690	1,710	1,340	*980	1,660
All private renters	860	790	320	90	20	430

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

In contrast, the average amount received by all private renters was \$430 per annum. It declines consistently over the five income quintiles. On average, households in the lowest income bracket receive the highest amount of CRA (\$860) while the highest earners receive the least. The relatively high values for the average value of CRA received by all lower income renter households reflect the relatively higher incidence of CRA recipients in the low income quintiles (Table 2.3).

### States and territories

Estimates derived from the 1999 AHS data show that nationally in 1999 about 22% of households in Australia were renting in the private rental market. Among them, 26% received CRA benefits. However, these figures vary across jurisdictions (Table 2.5). In the

**Table 2.5: Private renter households: proportion of CRA recipients among private renters and proportion of private renters in the total population by state/territory, 1999**

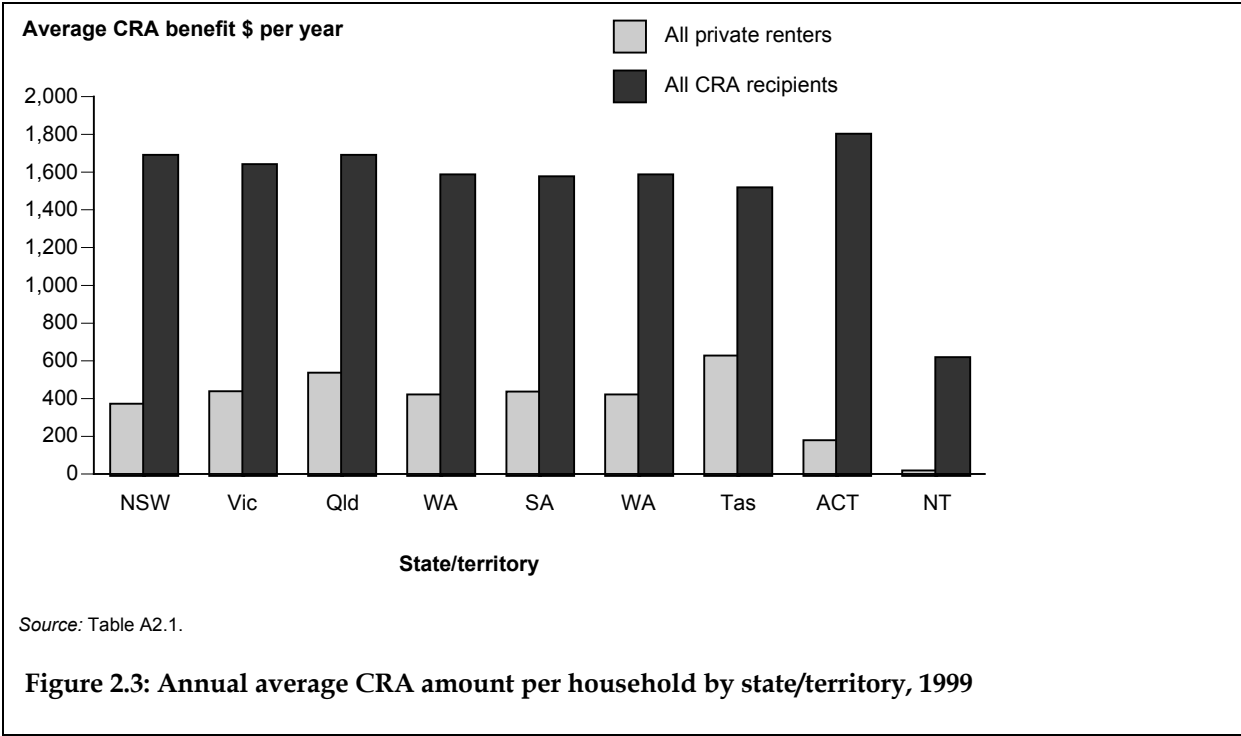
	% CRA recipients in all private renters	% private renters in total population
New South Wales	22.0	23.0
Victoria	26.7	18.7
Queensland	31.7	26.3
Western Australia	26.5	24.1
South Australia	27.7	16.9
Tasmania	41.3	20.4
Australian Capital Territory	9.9	20.4
Northern Territory	2.9	37.0
<b>All</b>	<b>26.0</b>	<b>22.1</b>

Source: Australian Housing Survey, 1999, confidentialised unit record file.

Northern Territory, 37% of households were in the private rental market, but only 3% of these received CRA benefits. In South Australia there was a lower proportion of private

renter households (17%), but a higher proportion of CRA recipient households (28% of private renters).

While Tasmania and the Australian Capital Territory had similar proportions of private renter households (20%), Tasmania had a much higher proportion of CRA recipients among private renters (41% compared with 10%).



Overall, the amount of assistance which is received by households with incomes in the first three income quintiles varies little from the average for that jurisdiction. CRA recipient households in New South Wales and Queensland received the highest annual CRA benefits of \$1,690 (Table A2.1).

The difference between the average amount of CRA received by CRA recipients and the average benefit received by all private renters is smallest for Tasmania (\$1,520 and \$630 respectively) (Figure 2.3). This is in part due to the high proportion of private renter households in Tasmania receiving a CRA benefit (42%) (Table 2.6). The difference is greatest in the Australian Capital Territory (\$1,800 to \$180) for the opposite reasons – the rate of CRA recipient households among private renters is only 10% (Table 2.5).

The distribution of CRA received in the Northern Territory exhibits a significantly different distribution when compared to the national level. A large proportion (82%) of CRA benefits in the Northern Territory was received by households with an income within the fourth income quintile (Table 2.6). However this estimate is subject to a relative standard error between 25% and 50%.

Tasmania is the only jurisdiction in which over half of CRA benefits (51%) are provided to households with incomes in the lowest income quintile. In all other jurisdictions CRA recipients are more concentrated in the second lowest income quintile (Table 2.5). A significant proportion of the total CRA benefit in the Australian Capital Territory (30%) is received by households with incomes in the third income quintile; this is a considerably higher proportion than other jurisdictions.

**Table 2.6: All households: percentage of total CRA benefit and percentage of households receiving CRA in total population by household income quintile and state/territory, 1999**

	Income quintile					All
	1st	2nd	3rd	4th	5th	
<b>Percentage of total CRA benefit within state or territory</b>						
New South Wales	37.5	43.5	16.9	2.0	0.1	100
Victoria	34.6	39.8	20.5	3.8	1.3	100
Queensland	31.3	42.9	19.3	6.0	0.5	100
Western Australia	28.6	47.3	17.5	5.3	1.3	100
South Australia	37.3	43.1	16.1	3.5	—	100
Tasmania	51.3	31.6	12.5	2.2	*2.3	100
Australian Capital Territory	*8.0	*62.5	29.5	—	—	100
Northern Territory	*17.8	—	—	*82.2	—	100
<b>All</b>	<b>34.5</b>	<b>42.6</b>	<b>18.2</b>	<b>4.0</b>	<b>0.6</b>	<b>100</b>
<b>Percentage of households receiving CRA within state or territory and income quintiles</b>						
New South Wales	9.2	11.4	4.7	**0.7	**0.2	5.1
Victoria	10.5	9.5	4.4	**1.4	**0.3	5.0
Queensland	13.0	16.7	7.5	*2.7	**0.4	8.3
Western Australia	9.5	14.0	6.1	**1.7	**0.8	6.4
South Australia	7.3	8.5	*3.4	**0.9	—	4.7
Tasmania	16.7	11.8	*3.8	**1.7	**1.8	8.4
Australian Capital Territory	**1.5	**8.9	**2.9	—	—	2.0
Northern Territory	**3.3	—	—	**3.0	—	1.1
<b>All</b>	<b>10.1</b>	<b>11.9</b>	<b>5.1</b>	<b>1.4</b>	<b>0.3</b>	<b>5.8</b>

*Notes*

1. Income quintiles are derived from the Australia-wide population.

2. The estimates are derived from the AHS, they may differ from the administrative data. See Appendix 4 for details.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

### Household composition

As Table 2.7 shows, households which consist of one parent with dependent children have the highest proportion of CRA recipients among private renters (69%). A relatively high proportion of these households were in the private rental market (37% compared with an overall level of 22%). Group households showed a different pattern with a very high proportion living in the private rental market, but quite a low proportion of these were receiving CRA benefits (14%).

**Table 2.7: Private renter households: proportion of CRA recipients from all private renters and proportion of private renters in the total population by household composition, 1999**

Household composition	% CRA recipients in all private renters	% private renters in total population
One family: couple only	14.2	16.4
One family: couple with dependent children only	32.4	18.0
One family: other couple	20.3	9.2
One parent with dependent children	68.5	37.3
Lone person	22.1	25.6
Group household	14.2	70.5
Other household	20.3	24.3
<b>All</b>	<b>26.0</b>	<b>22.1</b>

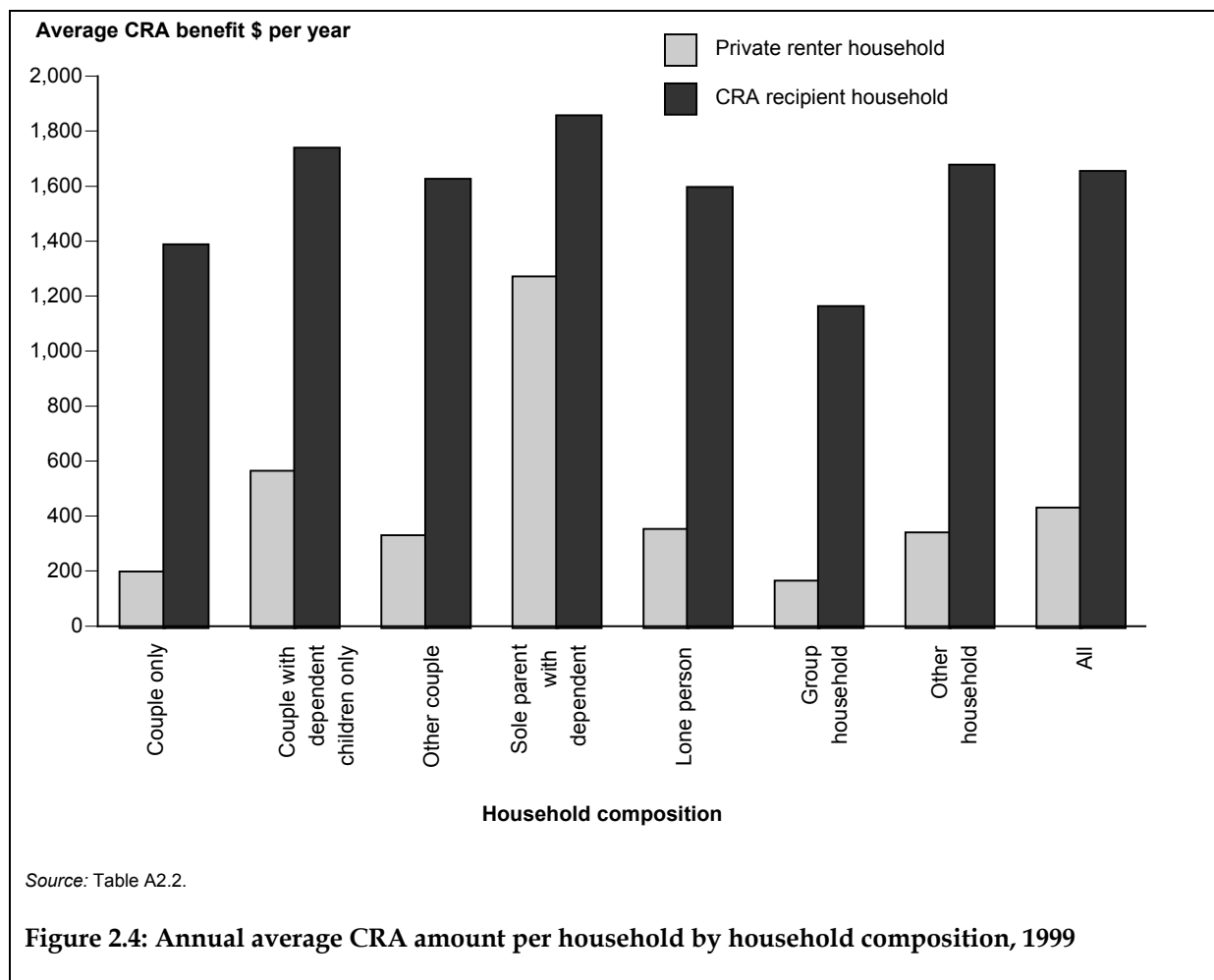
Source: Australian Housing Survey, 1999, confidentialised unit record files.

The average annual dollar amount of CRA benefit provided to households ranged from \$1,164 for group households to \$1,858 for a single-parent household with dependent children (Figure 2.4).

The existence of children within the household is a significant factor in the amount of CRA that is received, with households which include children being the two groups receiving the highest amount of assistance (\$1,740 for couples with dependent children only, and \$1,858 for a lone parent with dependent children). Lone person households are also in receipt of a high amount of this assistance (\$1,597) (Figure 2.4), though, unlike households with children, these households generally fall into the lowest income quintile (Table A2.2).

For households containing a sole parent with dependent children, the average amount of CRA of assistance received by all CRA recipients varies little between the different income quintiles. Also, the amount of assistance is highest for this household type within each income quintile. However, this is not the case for the average amount of benefits received by all private renters where the amount received per household declines as income rises (Table A2.2).

The high proportion of CRA recipients among private renters in the 'one parent with dependent children' group (69%) (Table 2.8) contributes to the relatively small difference between the average amount of CRA received by all private renters and all CRA recipients for this group (\$1,858 and \$1,27 respectively) (Figure 2.4). This difference is greatest in the couple only households (\$1,389 compared with \$198). Again this can be explained by the lower proportion of CRA recipient households (14%) compared with other household types (Table 2.8).



For most household types, the largest proportion of CRA benefits are received by households with an income within the second lowest income quintile. The exception to this is the 'lone person' household where 93% of total benefits are received by households with incomes in the first quintile.

Across household composition type the highest proportion receiving CRA were 'sole parent with dependent children' households (26%). Group households were the next to benefit from CRA with 10% of this household type receiving a CRA benefit.

Lone person households with incomes in the three highest income quintiles receive no support (Table 2.8). Apart from these households, the average CRA amount received by lone person households is comparable with that received by other household types (Table A2.2).

**Table 2.8: Percentage of total CRA benefit and percentage of households receiving CRA in total population by household composition and income quintile, 1999**

Household composition	Income quintile					All
	1st	2nd	3rd	4th	5th	
<b>Percentage of total CRA benefit within household composition</b>						
One family: couple only	23.0	62.3	10.1	3.8	0.8	100
One family: couple with dependent children only	8.8	52.0	36.3	2.6	0.2	100
One family: other couple	**2.3	*34.4	41.0	19.9	2.4	100
One parent with dependent children	27.0	60.9	10.2	*0.9	**0.9	100
Lone person	93.1	6.9	—	—	—	100
Group household	*11.1	43.7	26.0	17.2	2.0	100
Other household	*7.3	29.7	41.4	20.5	1.0	100
<b>All</b>	<b>34.5</b>	<b>42.6</b>	<b>18.2</b>	<b>4.0</b>	<b>0.6</b>	<b>100</b>
<b>Percentage of households receiving CRA in population of given household composition and given income quintiles</b>						
One family: Couple only	3.3	5.0	*1.5	**0.5	**0.1	2.3
One family: Couple with dependent children only	*13.2	21.1	8.8	*0.9	**0.1	5.8
One family: Other couple	4.1	*7.0	*3.9	*1.9	**0.1	1.9
One parent with dependent children	27.3	36.9	13.0	*3.1	**5.9	25.5
Lone person	9.9	*1.8	—	—	—	5.6
Group household	**22.0	31.6	*9.3	*5.1	**1.9	10.0
Other household	**8.2	7.9	7.7	*4.6	**0.3	4.9
<b>All</b>	<b>10.1</b>	<b>11.9</b>	<b>5.1</b>	<b>1.4</b>	<b>*0.3</b>	<b>5.8</b>

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

### Age of reference person

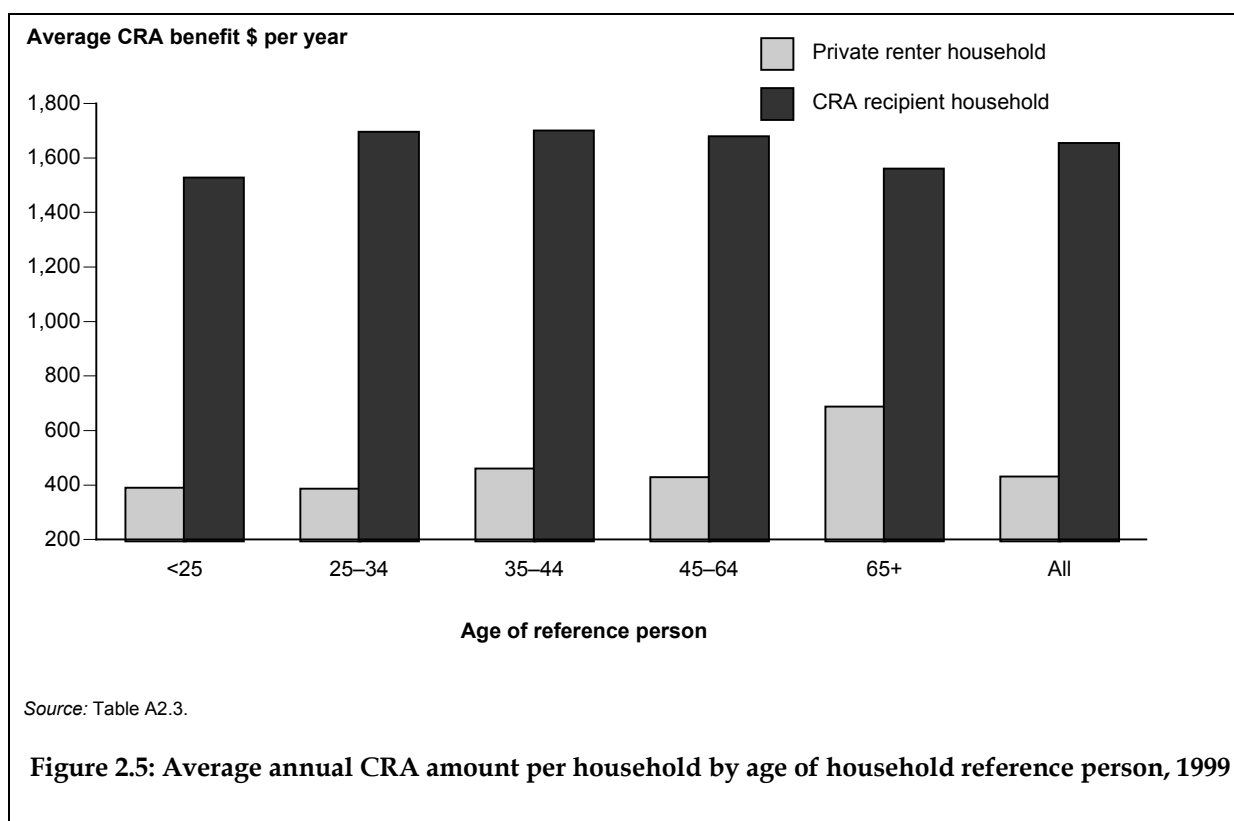
Table 2.9 shows the distribution of private renter households and CRA recipients among private renters across age groups of household reference person. The greatest use of private rental is seen in households in which the reference person is aged less than 25 years. The proportion of private renter households in this age group was 72%. Households where the reference person is aged 65 years and over had the lowest proportion of private renters in the total population (7%), however the proportion of private renters receiving the CRA benefit was the largest (44%). In contrast, households in which the reference person is aged between 25 and 34 had a relatively high proportion of private renters (43.4%), but the lowest proportion of CRA recipients (23%).

**Table 2.9: Private renter households: proportion of CRA recipients from all private renters and proportion of private renters in the total population by age group, 1999**

Age of reference person (years)	% CRA recipients in all private renters	% private renters in total population
<25	25.5	72.4
25–34	22.8	43.4
35–44	27.1	22.7
45–64	25.5	12.5
65+	44.0	6.5
<b>All</b>	<b>26.0</b>	<b>22.1</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

Households with a reference person in the lowest age grouping (less than 25 years) received the lowest amount of CRA (\$1,528) (Table A2.3). This may reflect the high proportion of ‘group’ households that typically exist within this age group, as these persons are less likely to have entered into a substantive familial relationship or to be parents at this age.



Within the first three income quintiles, there is little variation between the amount of CRA that is received by households regardless of the age of the reference person (Table A3.5). In the highest income quintile, no households in which the reference person is aged less than 25 years or 65 years or more received CRA benefit. Given the typical pattern of earnings through life, and the derivation of income quintiles from the whole population, there would be comparatively few households where the reference person was aged less than 25 or

65 years or more in the highest income quintile. Moreover, households where the reference person is aged 65 years or more with incomes in the highest income quintiles are more likely to own their homes outright than be in the private rental market.

The variation between the average annual amount of CRA received by all CRA recipients across the various age groups is less than \$175. The difference was more marked when comparing the amount received across all private renters, with the lowest amount (\$387) being received by 25–30 year olds and the highest amount (\$688) being received by the 65 years and over age group (Table A2.3). The different proportions of private renters and of private renters receiving CRA benefit by age of the reference person explain this difference (Table 2.9).

**Table 2.10: All households: percentage of total CRA benefit and percentage of households receiving CRA in total population by household income quintile and age of reference person, 1999**

Age of household reference person	Income quintile					All
	1st	2nd	3rd	4th	5th	
<b>Percentage of total CRA benefit</b>						
<25	38.6	37.4	18.4	5.6	—	100
25–34	20.8	51.8	23.1	3.8	0.5	100
35–44	27.4	47.4	19.3	5.6	0.2	100
45–64	47.5	30.0	17.2	3.1	2.2	100
65+	67.8	31.6	*0.6	—	—	100
<b>All</b>	<b>34.5</b>	<b>42.6</b>	<b>18.2</b>	<b>4.0</b>	<b>0.6</b>	<b>100</b>
<b>Percentage of households receiving CRA in total population</b>						
<25 years	35.8	30.6	13.7	*5.6	—	18.5
25–34	26.2	25.2	8.3	*2.2	**0.7	9.9
35–44	20.2	18.2	4.9	*1.3	**0.1	6.1
45–64	9.5	5.8	2.7	*0.6	**0.3	3.2
65+	4.0	2.8	**0.1	—	—	2.9
<b>All</b>	<b>10.1</b>	<b>11.9</b>	<b>5.1</b>	<b>1.4</b>	<b>0.3</b>	<b>5.8</b>

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

The greatest difference from the average distribution of the proportion of CRA benefit received within each income quintile is seen in the 65 years and over age group. Households in this age group with incomes in the lowest income quintile received 68% of all CRA benefits, compared with an average for all age groups of 35% (Table 2.10). For all age groups, the greatest proportion of households receiving CRA in the total population were households with incomes in the second income quintile.



## 2.3 Assistance to public housing tenants

### Aggregate measure

In 1999 public housing households constituted an estimated 5% of all households in Australia (ABS 1999). As Table 2.11 shows, at 30 June 2002, 342,500 households lived in public housing, with 302,500 households (88%) receiving a rental subsidy. The proportion of rebated tenants in the Australian Capital Territory (79%) is markedly different from the national average (88%). Rent subsidies totalled nearly \$1.25 billion for the year ending 30 June 2002. The average annual benefit to public renters was \$4,150 per recipient household (Table 2.11).

There is, however, a large degree of variation in the average annual benefit received by households in each jurisdiction. The highest annual rent rebate is received in New South Wales where each household received an average \$5,380 for the year ending 30 June 2002. The lowest was in Tasmania, where the typical household received an average annual benefit of \$2,220. These results are likely to be influenced primarily by the level of rents within the different private rental markets.

**Table 2.11: Public rental households: total rebated households at 30 June and estimated annual rent rebate in CSHA public housing program by state/territory, 1 July 2001 to 30 June 2002**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
<b>number of households</b>									
Total number of all households in public housing at 30 June 2002	125,300	62,400	48,900	30,800	46,300	12,100	11,000	5,600	342,500
Total number of all rebated households assisted at 30 June 2002	112,200	56,000	43,800	26,700	39,300	10,700	8,700	5,000	302,500
<b>per cent</b>									
Percentage of public rental households that receive a rebate	89.5	89.7	89.6	86.7	84.9	88.6	79.2	89.6	88.3
<b>dollars per year per recipient household</b>									
Average annual benefit received through rental rebates for 2001–02	5,380	4,220	3,010	2,960	3,060	2,220	4,540	3,920	4,150

Source: AIHW Public housing national minimum data set, 2001–02.

As the value of the annual rental rebate is based on the cost of rental housing in the private rental market, there is a correlation between the cost of rental housing within the jurisdiction and the value of the annual rent rebate. In New South Wales, due to continued strong growth in housing prices generally, there has been pressure on the availability of affordable housing for low to moderate income households in Sydney and coastal New South Wales (SCRCSSP 2003:16.79). The high cost of securing housing in the private rental market partially explains why households in this jurisdiction receive the highest annual benefit through rental rebates for all jurisdictions. Likewise, high rents in the Australian Capital

Territory result in households receiving the second highest average annual benefit, estimated to be \$4,540.

## Distribution measures

A measure of public housing rental subsidies can be obtained by taking the difference between market rents and the rent charged to public housing tenants. Using this method, the total benefit in 2000–01 was \$1.25 billion, obtained using administrative data from the national minimum data set on public rental housing. This translated to about \$4,150 per household per annum. It should be noted that the market rent value recorded in the state/territory information management system is a notional value and the method used to evaluate and update across jurisdictions varied.

In the 1999 Australia Housing Survey a question used for obtaining the rent subsidy was ‘What is the difference between the rent you pay and the market rent for this accommodation?’. This means that the market rent which the respondent used to work out their rent subsidy is very subjective and is based on the tenants’ awareness of market values of similar accommodation in the area.

A comparison of this estimate between administrative data and the 1999 AHS shows a slight discrepancy for this value (for details, see Appendix 4).

## Distribution of recipient and value of assistance

Among those households receiving a public housing rental rebate, the level of assistance differed very little over the first four income quintiles. Households in the fifth income quintile received no assistance at all. The average level of assistance provided to all public renters was similar in the first two income quintiles but progressively reduced over the third and fourth. Overall the average benefit through rental subsidies that public renters received in 1999 was almost \$3,700 (Table 2.12).

The average amount received by households in each income quintile also shows some variation. Households with income in the fourth income quintile received the lowest dollar amount nationally of \$3,330, while the highest amount (\$3,990) was received by households in the second income quintile. There are very few households in the higher income quintiles who receive any subsidies from public housing and none in the top income quintile.

As a result of the high proportion of rebated public rental households (88%), the difference between the average amount received by rebated public renters and all public renter households (\$3,698 and \$2,760 respectively) is not as big as that seen in the analysis of private renters.

**Table 2.12: Public rental households: annual rental subsidy amount (\$) per household by household income quintile, 1999**

	Income quintile					All
	1st	2nd	3rd	4th	5th	
Rebated public rental households	3,550	3,990	3,710	*3,330	—	3,700
All public renters	2,860	3,070	2,060	*800	—	2,760

*Note:* Income quintiles are derived from the Australia-wide population.

*Source:* Australian Housing Survey, 1999, confidentialised unit record files.

Table 2.13 shows that the distribution of total rental subsidies is highly targeted, with a significantly higher proportion of households with incomes in the lowest income quintiles in all jurisdictions benefiting from below market rents. Overall, households in public housing with incomes in the lowest income quintile receive 57% of the total benefits. A further 33% of public housing rental subsidies is received by households with incomes in the second income quintile.

The greatest use of rebated public housing was in the bottom income quintile (12% of all households) compared with 0% in the top quintile and an overall level of 4%. This is likely to be a result of the strict means test used to target subsidised public housing to low income households.

**Table 2.13: Public rental households: distribution of rebate by household income quintile (%), 1999**

	Income quintile					All
	1st	2nd	3rd	4th	5th	
Percentage of total rental subsidies	57.3	33.1	8.8	0.8	—	100
Percentage of rebated public renters in total population	11.5	5.8	1.7	0.2	—	3.8
Percentage of rebated public renters in all public renters	80.5	76.9	55.5	24.2	—	74.6

*Note:* Income quintiles are derived from the Australia- wide population.

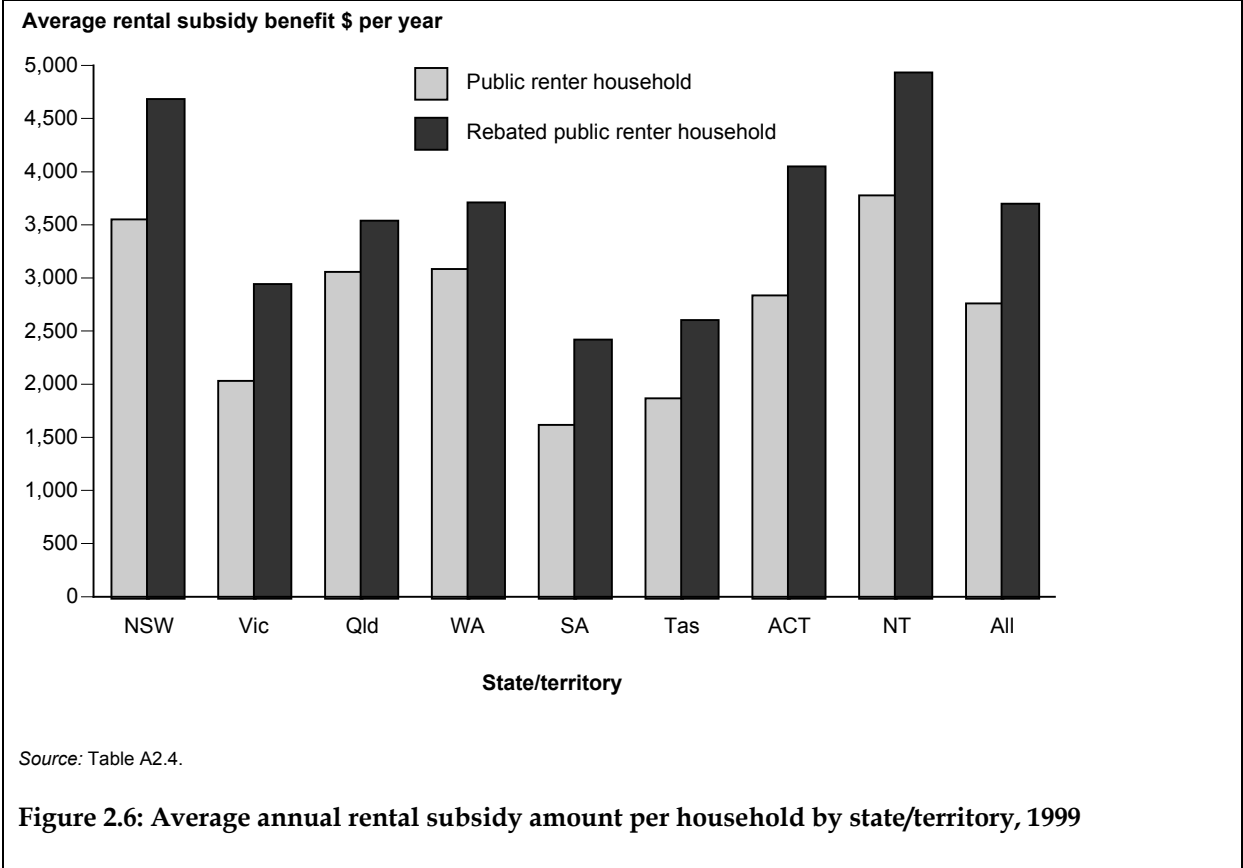
*Source:* Australian Housing Survey, 1999, confidentialised unit record files.

### States and territories

Figure 2.5 shows that the average rental subsidy dollar amount varies across jurisdictions ranging from \$4,940 in the Northern Territory and \$4,660 in New South Wales to \$2,420 in South Australia.

Within the first two income quintiles, the Northern Territory received the highest average amounts (\$4,830 and \$5,625 respectively), and New South Wales received the second largest (\$4,400 and \$5,180 respectively). The average amount received by households in these two income quintiles for all jurisdictions was \$3,550 and \$3,990 respectively. New South Wales had the highest dollar amounts of assistance provided to households in the third and fourth income quintiles of all jurisdictions (Table A2.4).

Queensland and Western Australia showed the smallest differences in benefits received between rebated public rental households and total public rental households. This can be attributed to the fact that most public rental households are rebated in these states (86% in Queensland and 83% in Western Australia) (Figure 2.6).



Approximately 3.8% of the total population were living in rebated public rental households. The proportions living in this type of housing differ from 10% in the Northern Territory to 3% in Victoria. Within all jurisdictions there was a decline in the percentage of the total population living in rebated public rental housing as the level of income increased (Table 2.14).

**Table 2.14: All households: percentage of total rental subsidies and percentage of households occupying public housing in receipt of rental subsidies in total population, state/territory by household income quintile (%), 1999**

State or territory	Income quintile				All
	1st	2nd	3rd	4th	
<b>Percentage of total rental subsidies within state or territory</b>					
New South Wales	53.4	34.9	*10.9	**0.8	100
Victoria	62.3	28.8	**6.1	**2.9	100
Queensland	46.6	43.1	*10.3	—	100
South Australia	72.4	24.7	*2.7	**0.2	100
Western Australia	66.5	*24.4	*9.2	—	100
Tasmania	60.0	*38.1	**1.9	—	100
Northern Territory	*46.6	*42.8	**10.6	—	100
Australian Capital Territory	66.1	*27.9	**6.0	—	100
<b>All</b>	<b>57.3</b>	<b>33.1</b>	<b>8.8</b>	<b>**0.8</b>	<b>100</b>
<b>Percentage of rebated public renters within state or territory and income quintiles</b>					
New South Wales	11.1	6.6	2.4	0.2	4.0
Victoria	9.5	3.8	0.8	0.3	2.6
Queensland	7.8	5.0	1.8	—	3.0
South Australia	19.6	8.6	1.2	0.3	7.1
Western Australia	12.5	4.5	1.8	—	3.7
Tasmania	9.9	6.7	0.5	—	4.2
Northern Territory	42.4	30.2	7.9	—	10.2
Australian Capital Territory	30.5	14.0	3.0	—	7.1
<b>All</b>	<b>11.5</b>	<b>5.8</b>	<b>1.7</b>	<b>0.2</b>	<b>3.8</b>

*Notes:*

1. Income quintiles are derived from the Australia-wide population.
2. 5th quintile has nil value.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

Table 2.15 shows that approximately 5% of the total number of households in Australia were living in public rental housing. However in the Northern Territory this figure was 13%, and in South Australia it was 11%. Both Queensland and Victoria had less than 4% of households living in public housing (Table 2.15).

Queensland had the highest level of rebated households in public housing (86.4%) while South Australia has the lowest at 66.7%. The total proportion of rebated public renter households is close to 75%.

**Table 2.15: All households: proportion of public housing renters who are rebated and proportion of all public housing renters in the total population, by state/territory, 1999**

State or territory	Percentage of public housing renters who receive rent rebate	Percentage of public housing renters in total population
New South Wales	75.8	5.3
Victoria	69.0	3.8
Queensland	86.4	3.4
Western Australia	83.2	4.5
South Australia	66.7	10.7
Tasmania	71.7	5.9
Australian Capital Territory	70.0	10.1
Northern Territory	76.5	13.3
<b>All</b>	<b>74.6</b>	<b>5.1</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

### Household composition

Figure 2.7 shows the average amount of rental subsidy received, across rebated public renters and all public renters, by household composition. Overall, households consisting of a sole parent with dependent children received the highest average amount of rental subsidy per recipient household (\$4,600). Group households received the lowest amount of assistance with an annual average – per rebated household – of \$2,700. In general, the highest level of assistance was received by households within the second income quintile.

Group households had incomes that placed them above the first income quintile. For households containing only one couple, there was a high level of assistance to those in the first two income quintiles.

Group households exhibit the smallest difference in average rental subsidy benefit received between rebated and total public housing renters (\$2,560 and \$2,700 respectively) due to the high proportion of rebated households in all public rental households (95%). 'Other' households experienced the greatest difference (\$1,860 for public renter households and \$3,867 for rebated households) as a result of the low level of rebated households (48% of public renting households) (Table 2.17).

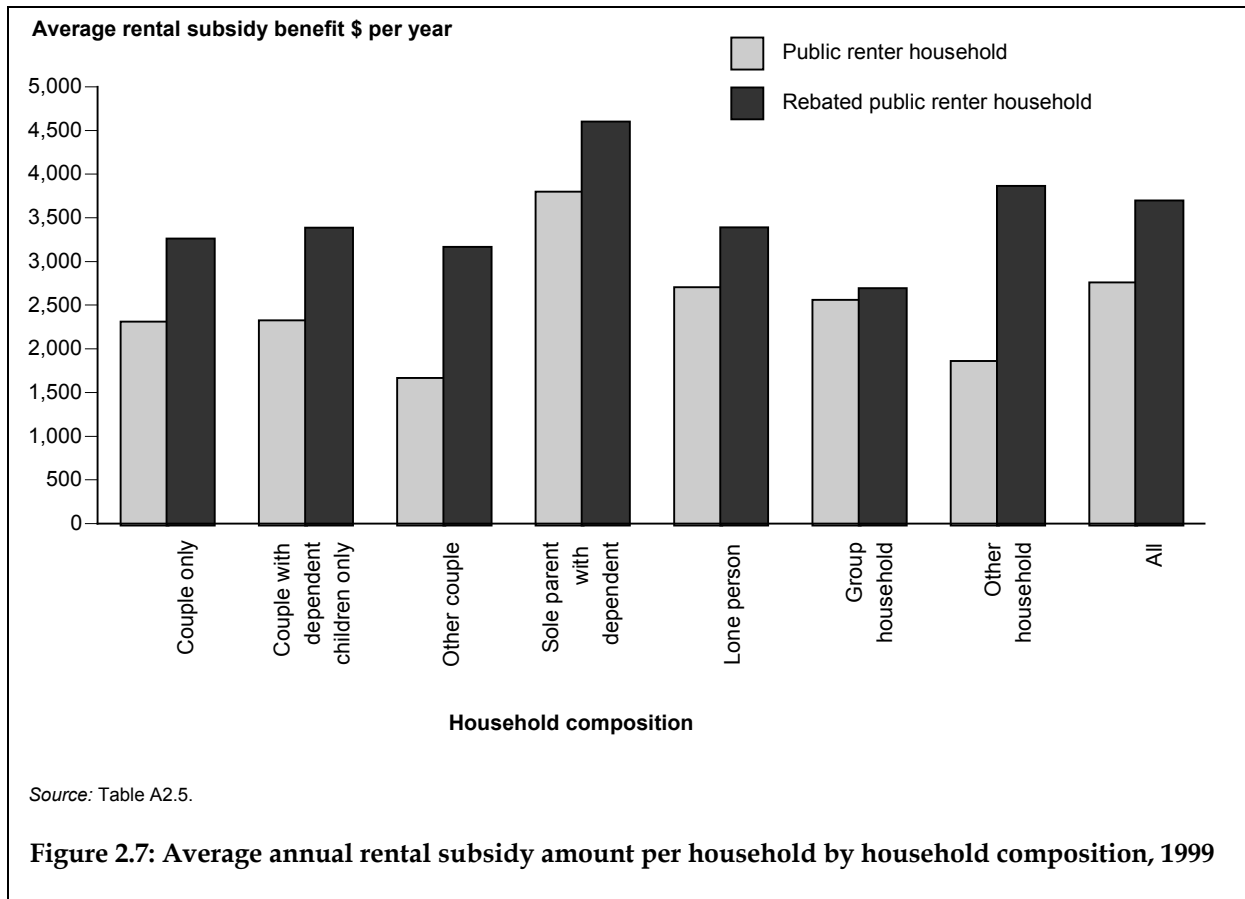


Table 2.6 shows that of all one parent with dependent children households, 17% were living in rebated public rental housing which is much higher than the percentage of households of all types (occupants) that live in rebated public housing (4%). Lone person households also have a relatively high use of rebated public housing, with 7% of all lone persons living in such housing.

Lone persons in the first income quintile received 93% of the rebated rents from public housing for that household composition, which is significantly higher than the overall level of 57%. Couple households in the second income quintile, however, accounted for a relatively high proportion of the total rental subsidy benefit if they had incomes within the second income quintile (over 50% compared with the overall level of 33%). This is likely to reflect a structure of social security payments that provides couple households with incomes that are above the first quintile boundary.

**Table 2.16: All households: percentage of total rental subsidies and percentage of households occupying public housing in receipt of rental subsidies in total population, by household composition by household income quintile, 1999 (%)**

Household composition	Income quintile				All
	1st	2nd	3rd	4th	
<b>Percentage of total rental subsidies within households composition</b>					
One family: couple only	43.8	50.5	**1.4	**4.2	100
One family: couple with dependent children only	**0.7	60.4	39.0	—	100
One family: other couple	**9.6	*55.4	*35.0	—	100
One parent with dependent children	47.1	49.4	*2.3	**1.2	100
Lone person	92.8	*3.1	*4.1	—	100
Group household	—	*52.1	**47.9	—	100
Other household	**5.9	71.6	*22.5	—	100
<b>All</b>	<b>57.3</b>	<b>33.1</b>	<b>8.8</b>	<b>**0.8</b>	<b>100</b>
<b>Percentage of rebated public renters within household composition and income quintiles</b>					
One family: couple only	4.2	2.8	**0.2	**0.2	1.5
One family: couple with dependent children only	**0.5	6.4	*2.1	—	1.4
One family: other couple	**8.4	*9.8	*2.6	—	1.4
One parent with dependent children	33.8	18.5	*3.5	**4.8	17.3
Lone person	12.1	*1.4	**0.7	—	6.9
Group household	—	*7.8	**3.4	—	2.0
Other household	**9.2	*8.7	*3.2	—	3.0
<b>All</b>	<b>11.5</b>	<b>5.8</b>	<b>1.7</b>	<b>**0.2</b>	<b>3.8</b>

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

The proportion of public renter households in the total population varies for different household compositions (Table 2.17). Households that contain one parent with dependent children had the highest representation, with a much higher proportion (21%) than that for the overall proportion (5%). Lone person households had the second largest proportion (9%). Couple and group households had relatively low rates of public housing tenants among these household compositions.

The level of rebated households also varies for different types of household composition. Group households had the highest rebate proportion (95% of public renters), while one parent with dependent children and lone person households also had relatively high rebate proportions (about 80%) (Table 2.17).



**Table 2.17: All households: proportion of public housing renters who are rebated and proportion of all public housing renters in the total population by household composition, 1999**

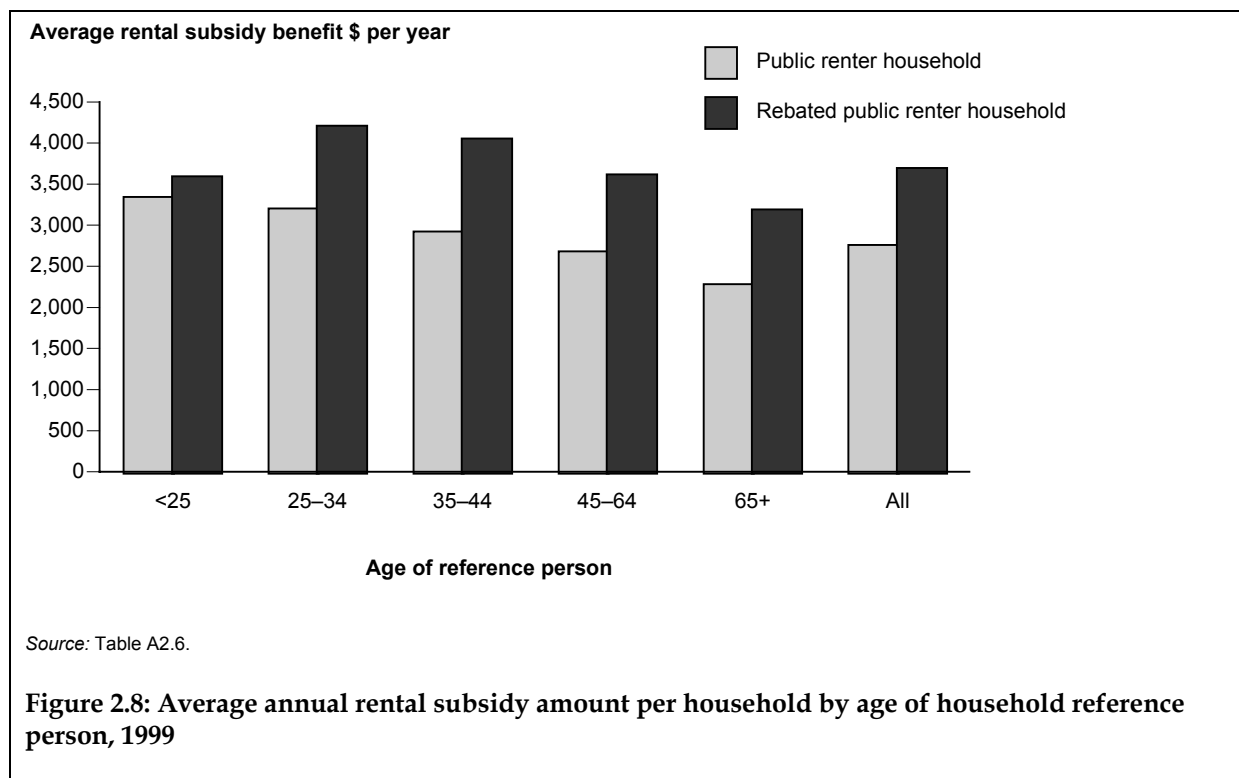
Household composition	Percentage of public housing renters who receive rent rebate	Percentage of public housing renters in total population
One family: couple only	70.9	2.1
One family: couple with dependent children only	68.7	2.1
One family: other couple	52.7	2.6
One parent with dependent children	82.5	21.0
Lone person	79.8	8.6
Group household	95.0	2.1
Other household	48.1	6.1
<b>All</b>	<b>74.6</b>	<b>5.1</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

### Age of household reference person

The average annual amount of rent subsidy per rebated household ranges from \$3,194 for those households where the reference person was aged 65 years and over to \$4,212 for those households where the reference person is aged between 25 and 34 years. The average annual amount of public rental subsidy across income quintiles also varies with the age of the reference person. Among households in the first income quintile, those with a reference person aged between 25 and 34 years received the highest average amount of subsidy (\$4,270) (Table A2.6).

The under 25 years age group experienced the smallest difference in average amount received between rebated and all public rental households (\$3,600 and \$3,340 respectively), reflecting that 93% of all public rental households in this age group are rebated (Table 2.19). These households are more likely to have entered into public rental housing for the first time, given the age of the main tenant, and therefore the figures reflect strict entry requirements with respect to income level.



The distribution of rental subsidy benefits by income quintile and age of the household reference person shows that the proportion of benefits received declines as income increases, with the exception of those households where the reference person was aged between 25 and 34 years. In these rebated households, households with an income in the second income quintile account for the highest proportion of benefits.

The highest proportion of rebated public renters in the total population by age of main tenant occurs in the under 25 years age group (7%). This is significantly higher than the national level of 4%. The higher proportion is mostly due to people in this age bracket having very low incomes and therefore being eligible for assistance.

**Table 2.18: All households: percentage of total rental subsidies and percentage of households occupying public housing in receipt of rental subsidies in total population by age of household reference person and income quintile (%), 1999**

Age of household reference person (years)	Income quintile				All
	1st	2nd	3rd	4th	
<b>Percentage of total rental subsidies within age of household reference person</b>					
<25 years	48.6	*38.7	*12.7	—	100
25–34 years	38.9	51.7	9.4	**0.1	100
35–44	43.4	39.1	15.6	*1.9	100
45–64	66.9	23.4	8.3	*1.3	100
65+	78.8	19.8	*1.4	—	100
<b>All</b>	<b>57.3</b>	<b>33.1</b>	<b>8.8</b>	<b>0.8</b>	<b>100</b>
<b>Percentage of rebated public renters within age of household reference person and income quintiles</b>					
<25 years	20.4	*9.5	*3.4	—	6.8
25–34 years	18.3	9.9	*1.6	**0.1	3.8
35–44	17.6	7.3	*2.0	**0.3	3.2
45–64	13.1	4.5	*1.4	**0.2	3.1
65+	7.8	3.1	**1.0	—	4.9
<b>All</b>	<b>11.5</b>	<b>5.8</b>	<b>1.7</b>	<b>**0.2</b>	<b>3.8</b>

Note: Income quintiles are derived from the Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

Table 2.19 shows the distribution of public renter households and rebated public renter households among total public renters across different age groups for the household reference person. The greatest difference among age groups is seen in the households in which the reference person was aged less than 25 years. These households not only had the highest (7.3%) proportion of public renters, but also had the highest rebate rate (93%) compared with those for other age groups.

**Table 2.19: Proportion of public housing renters who are rebated and proportion of all public housing renters in the total population by age group, 1999**

Age of household reference person (years)	Percentage of public housing renters who receive rent rebate	Percentage of public housing renters in total population
<25 years	93.0	7.3
25–34 years	76.0	5.1
35–44	72.1	4.4
45–64	74.2	4.2
65+	71.5	6.9
<b>All</b>	<b>74.6</b>	<b>5.1</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

## 2.4 Summary

Overall, more than 77% of total CRA benefits were received by households with incomes in the bottom two income quintiles. Also the high proportion of private renter households receiving CRA in the bottom two income quintile groups (53% and 46% respectively) reflects the targeting of this benefit.

The distribution of the total public rent rebate and rebate recipients across income quintiles indicates that the public rent rebate system has been even better at targeting assistance to low income households. This is reflected in a considerably higher proportion of low income households who benefit from public housing rent rebates in the first two income quintiles (over 80% and 77% respectively) and 90% of total rent rebate going to households with incomes in the bottom two income quintiles.

According to administrative data, in 2001-02 the average CRA benefit was \$2,480 per recipient household per annum. However, in the same year the public housing rent rebate system on average provided a greater amount of assistance to its recipients. The average annual benefit to public renters was \$4,160 per household.<sup>7</sup>

The distributional analysis shows that there is little variation overall in the dollar amount of CRA received by households across income quintiles. However the public housing rent rebate system has a greater ability to vary according to differential rents. The average rental subsidy dollar amount varies from \$4,940 in the Northern Territory and \$4,660 in New South Wales to \$2,420 in South Australia and \$2,600 in Tasmania. This reflects the difference in market rent value in each region.

Despite the lower average benefit per CRA recipient household compared with the average rent rebate per rebated public renter household, the total number of households that benefited from CRA was much larger than the total number of rebated public renter households. In 2001-02, the CRA scheme assisted 674,950 households in the private rental sector. This is more than double the number of rebated public renter households (300,000 households) in the same time period.

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<sup>7</sup> The apparent difference of \$1,660 is indicative only due to the different methods used to derive the two averages.

# 3 Housing assistance to home owners

## 3.1 Overview

This section examines direct assistance and indirect assistance to home owners. This assistance represents an important form of benefit that can be compared with the provision of assistance to renters.

In Australia, the majority (70%) of households are in owner-occupation, both mortgaged and owned outright. While owner-occupation is predominantly a tenure for more advantaged households, issues of housing affordability are as relevant for owner-occupiers as they are for public or private renters. Affordability is an issue for home owners with a mortgage, mostly notably for households entering home purchase for the first time (see Box 3.1). Also affordability may be an important issue for older households, particularly older households who are either Centrelink income support clients or low income self-funded retirees. For these low income aged person households, owner-occupation is a major factor in preventing after-housing poverty (Yates 2002b).

Recently there have been significant changes in relevant policies and programs that have the potential to affect homeownership: the introduction of the GST; changes in the structure of income tax and the treatment of capital gains; and the introduction of a First Home Owner Grant (FHOG) (Yates 2002b).

Housing assistance for home owners in the broad sense used in this report comprises a number of areas:

- government outlays such as for the First Home Owner Grant;
- taxation expenditures arising from the non-taxation of imputed rent from owner-occupation;
- taxation expenditures from the non-taxation of capital gain from owner-occupation;
- CSHA home purchase assistance and the Aboriginal and Torres Strait Islander Home Ownership Program;
- taxation expenditures including rates, land tax concessions and stamp duty exemptions;
- government regulations and standards in housing and financial markets; and
- other assistance such as home purchase advisory and counselling services.

This report examines the first three areas of assistance listed above. These three areas of assistance form only a part of a complex range of taxes and benefits that are relevant to home owners and this should be borne in mind when interpreting the data in this section. A narrow view of housing assistance may exclude taxation expenditure as a form of housing assistance for home owners.

The other forms of assistance are not examined due to data limitations and data availability or because the level of assistance is relatively unimportant compared with the assistance measures that are examined. This includes home purchase assistance programs under the CSHA that provide significant housing assistance for home purchasers. For example in

2001–02 the home purchase assistance programs included \$586 million in direct lending, \$1.8 million in deposit assistance, \$10.5 million in interest rate assistance, and \$1 million in mortgage relief (AIHW 2003e).

Of the forms of assistance that are examined, the FHOG is the largest program for deposit assistance current in Australia. It is, however, not the only one providing this type of assistance. As discussed below its purpose differs from assistance that may be more tightly targeted and aimed at meeting specific social policy objectives such as assisting access for specific socioeconomic groups.

The two tax expenditures related to owner-occupiers examined in this report arise from the income tax system and are part of a larger-system of taxation revenue and expenditure that impacts on homeownership. However, this report does not attempt to examine how the full range of state government taxes and fees relevant to homeownership interact to influence the entry to and the sustainability of homeownership.

It should be noted that state government taxation revenue and expenditures vary significantly across Australia. For example a recent study by the Housing Industry Association speculated that recent increases in housing prices relative to income was seen as a result of indirect state taxes and land shortages. In relation to indirect taxes the study calculated that these indirect taxes accounted for 20–35% of the purchase price of a new house and land package with the variation in the value of these taxes dependent on the local government area in which new houses were developed. The study noted more than 20 different state and local government taxes and levies on new housing, with the result that in 2002 an estimated \$11 billion was levied on new housing – an average of \$67,000 per house. Also over the past decade indirect taxes increased by 300% while general inflation only increased by 25% (HIA 2003:I).<sup>8</sup>

The effects of government taxes, benefits and other activity on first home purchasers and affordability are being examined in the Commonwealth Inquiry into First Home Ownership. The terms of reference for this inquiry are shown in Box 3.1 and the draft inquiry report was released in March 2004 (Productivity Commission 2003).

## **3.2 Direct assistance to home owners through the First Home Owner Grant**

Home deposit assistance for first home buyers, in the form of the First Home Owner Grant (FHOG), was introduced on 1 July 2000 in order to offset the anticipated impact on house prices of the introduction of the GST. These non-repayable grants, funded by the Australian Government but administered by the states, provide first home buyers with a one-off \$7,000 payment to provide compensation for expected price increases of dwellings with a construction cost (that is, excluding land value) of up to \$150,000 (Costello 1998:97). There was no means test on applicants and no restriction on the value of property that could be purchased with this assistance. The only eligibility restrictions related to citizenship or residency and to the requirement that the home be a principal place of residence, occupied within a reasonable period. Eligible applicants were also entitled to an additional grant of

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<sup>8</sup> Included in this trend was the shift in taxation for community-wide urban infrastructure (e.g. public transport upgrades, major roads and social facilities) such that purchasers of new homes are now bearing the majority of the cost (rather than the cost being shared by the broader tax-paying community).

\$7,000 if they purchased or built a new home between 9 March 2001 and 31 December 2001. This additional grant was reduced to \$3,000 on 1 January 2002.<sup>9</sup>

### **Box 3.1: The Commonwealth Inquiry into First Home Ownership – terms of reference**

#### *Terms of reference*

*Identify and analyse all components of the cost and price of housing, including new and existing housing for those endeavouring to become first home owners;*

*Identify mechanisms to improve the efficiency of the supply of housing and associated infrastructure; and*

*Identify any impediments to first home ownership, and assess the feasibility and implications of reducing or removing such impediments.*

*Particular attention should be given to the following matters as they affect the cost and availability of residential land and housing in both metropolitan and rural areas:*

- *the identification, release and development of land and the provision of basic related infrastructure;*
- *the efficiency and transparency of different planning and approval processes for residential land;*
- *the efficiency and transparency of taxes, levies and charges imposed at all stages of the housing supply chain;*
- *the efficiency, structure and role of the land development industry and its relationship with the dwelling construction industry and how this may be affected by government regulations;*
- *the effect of standards, specifications, approval and title requirements on costs and choice in new dwelling construction; and*
- *the operation of the total housing market, with specific reference to the availability of a range of public and private housing types, the demand for housing, and the efficiency of use of the existing residential housing stock.*

Source: Productivity Commission 2003

## **Outlays for FHOG assistance**

Since the FHOG was introduced in July 2000, an estimated total of \$2.4 billion has been provided through the initial and additional grants with over 300,000 grants to first home buyers being paid under the initial scheme and 40,000 additional grants for new homes (Commonwealth Treasury 2002). A further \$784 million has been budgeted for 2002–03 (Costello 2002).

While this assistance is targeted to first home buyers, there is no means test on income or restriction on the value of property that can be bought. By explicit acknowledgment, its primary function has been one of fiscal stimulus (Costello 2001). As a form of housing assistance it does not feature the type of targeting that is present in the various types of home purchase assistance programs currently operating through the CSHA (AIHW 2003e).

Currently there are insufficient data collected through the FHOG program on how the grants have been distributed. Because the characteristics of the grant recipients are not known, it is not possible to determine whether this grant helps low income or Indigenous households enter homeownership. Anecdotal evidence points to a number of high income, high wealth households who can afford homeownership without any assistance but who have benefited from it (Wainwright 2002). Data provided by the New South Wales Office of State Revenue

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<sup>9</sup> Details of this scheme and subsequent changes to it can be found on the FHOG web site, <<http://www.firsthome.gov.au>>.

show that almost 50% of the 2000 and 2001 grants in New South Wales went to first home buyers purchasing a dwelling with a market value in excess of \$200,000 and almost 4% (more than 4,000 loans) went to first home buyers purchasing a dwelling with a market value in excess of \$500,000.<sup>10</sup>

While this scheme has provided assistance of up to \$14,000 per first home buyer household, it provides a one-off grant, rather than the continuing assistance provided by tax expenditures on home owners or assistance to renters under the CSHA and CRA.

Some indication of the relative size of its impact can be seen by averaging the annual expenditure over all owner-occupier households. On this basis, the annual grant of approximately \$1 billion has provided the equivalent of \$200 per owner-occupier household per year since 2000.

### **3.3 Indirect assistance to home owners arising from the tax system**

The indirect assistance provided to home owners through tax expenditures associated with the current personal income tax system comprises exemption from payment of:

1. tax on the value of rental services (the imputed rental income); and
2. income tax on any capital gains derived from the sale of their owner-occupied dwelling.

Unlike all other property owners, owner-occupiers are not required to pay income tax on any capital gains derived from the sale of their dwelling. Unlike landlords, they are also not required to pay tax on the value of rental services (the imputed rental income) provided by their dwelling. Against this, however, they are not able to deduct the costs associated with ownership. These tax concessions, which result in most owner-occupiers being treated favourably by the tax system, give rise to what are described as tax expenditures. A detailed discussion of the conceptual issues that apply in measuring this assistance can be found in the Australian Housing and Urban Research Institute position paper on which this section is based (Yates 2002a).

The tax expenditures estimated in this report are based on a revenue foregone approach: they represent a potential taxation revenue that is not collected. Because the costs of tax expenditures cannot be measured directly, any method of valuing these is subject to a range of assumptions which must be borne in mind when interpreting the results. The assumptions made here are clearly identified in the relevant sections of the text.

#### **Aggregate estimates of tax expenditures from time series data**

Table 3.1 below summarises the aggregate estimates of the tax expenditures arising from the capital gains tax exemption and from the net effect of not taxing imputed rent but also not allowing deductions against this income. Details of the specific assumptions employed in deriving them are outlined in Appendix 1.

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<sup>10</sup> Data provided on request from the Office of State Revenue. At current market rates of interest, an income of well into the top two quintiles is required to support the loan required to purchase a \$200,000 dwelling with a 10–20% deposit.



The tax expenditures associated with the capital gains tax exemption are based on the tax regime introduced in 1999.<sup>11</sup> The tax expenditures associated with the non-taxation of imputed rent are separated into the positive tax expenditures arising from the non-taxation of net rental income and the negative expenditure arising from the non-deductibility of mortgage interest and operating costs such as rates and maintenance expenditures. The value of these tax expenditures is affected by the level of income exempted from taxation and from the relevant tax rate that applies to this income. The former are affected primarily by the growth in the value of owner-occupied dwellings and by trends in market rents over time. In the decade under consideration, the real value of owner-occupied housing wealth has increased steadily as have the gross rental values of these dwellings. Net rental values (after operating costs) less interest costs have increased more slowly. These trends have resulted in a rising real value of concessionally treated income. However, over the time period covered by this study, marginal tax rates on average incomes declined from 38.15% prior to 1993 to 31.5% by 2001. The effect of this decline in tax rates is to offset the increase in indirect assistance arising from increases in the real value of untaxed income associated with the rising values of rents and capital gains.

The results presented in Table 3.1 suggest that, under the current income tax system, the average real value of the tax expenditures associated with capital gains taxation amounted to \$13 billion in 2001 with an average annual value of almost \$9 billion per year over the past decade had the discount approach to capital gains taxation been in place throughout the period.

On average over the period, the aggregate estimates of the net benefit from the tax expenditures associated with the non-taxation of imputed rent are of the same order of magnitude as those provided by the capital gains tax exemption. In real terms the net benefit has been relatively stable, amounting to \$8 billion in 2001 and averaging the same real value over the period under consideration. In part, this stability arises from an increasing real value of the exemption of the net rental income being offset by an increasing real cost of non-deductible mortgage interest costs.

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<sup>11</sup> The marginally higher and more volatile estimates based on the pre-1999 indexation method are presented in Table 11 and full details of the relevant tax scales are provided in Table 10 in Yates 2002a.

**Table 3.1: Aggregate tax expenditures (\$), 2001 constant price, Australia, 1999–2001**

Year	Marginal tax rate on average income %	Capital gains tax exemption		Imputed rent exemption		
		Discount method \$b (\$2001)		Non-taxation net imputed rent \$b (\$2001)	Non-deductibility of interest \$b (\$2001)	Net effect of imputed rent exemption \$b (\$2001)
1990	38.15	12		11	–5	7
1991	38.15	7		12	–5	7
1992	38.15	1		12	–4	9
1993	38.15	8		13	–4	9
1994	36.9	9		12	–3	9
1995	35.5	7		12	–4	8
1996	35.5	2		12	–5	7
1997	35.5	10		13	–4	9
1998	35.5	10		14	–5	9
1999	35.5	12		15	–5	10
2000	35.5	14		15	–5	10
2001	31.5	13		13	–5	8

Source: Yates (2002a), Tables 11 and 12, in turn, primarily based on Table 57 Income from Dwelling Rent and Table 46 Household Balance Sheet in ABS 2001, and Annual Tax Packs and Budget Papers.

These aggregate estimates suggest that the tax concessions accorded to owner-occupied housing as a result of the capital gains tax exemption alone is equivalent to more than 1% of GDP. This is of the same order of magnitude as that accorded to superannuation in 2001.<sup>12</sup> The total tax expenditures to owner-occupied housing of \$21 billion in 2001 are equivalent to approximately 3% of GDP.

Table 3.2 presents the equivalent data on a per household basis.

These data show the indirect assistance provided to owner-occupier households amounted to \$4,200 per household in 2001, consisting of \$2,600 for the Capital Gains Tax exemption and \$2,600 per household for the non-taxation of imputed rent, less \$1,100 for the non-deductibility of mortgage interest.

<sup>12</sup> The concessions to superannuation, in turn, represented 30% of total tax expenditures (estimated by Treasury to have a value of \$30 billion in 2001).

**Table 3.2: Per household tax expenditures (\$), 2001 constant price, Australia, 1990–2001**

Year	Non-taxation capital gains—discount method	Imputed rent			Total
		Non-taxation net imputed rent	Non-deductibility of interest	Net effect of imputed rent exemption	
\$ per year ( \$2001)					
1990	2,800	2,700	–1,100	1,600	4,400
1991	1,600	2,800	–1,100	1,700	3,300
1992	200	2,800	–900	1,900	2,100
1993	1,800	2,800	–800	2,000	3,800
1994	2,000	2,700	–700	1,900	4,000
1995	1,600	2,500	–900	1,700	3,200
1996	500	2,500	–1,000	1,500	2,000
1997	2,000	2,700	–900	1,800	3,700
1998	2,000	2,800	–900	1,900	3,900
1999	2,500	2,900	–1,000	2,000	4,500
2000	2,800	3,000	–1,100	2,000	4,700
2001	2,600	2,600	–1,100	1,600	4,200

Sources: Yates 2003a, Table 13, based on Table 3.1 in ABS200; and annual tax packs and budget Papers, various years; ABS 2001:Tables 46 and 57; Household and Family Projections, ABS cat. No. 3236.0

The data show these tax expenditures have been both significant and relatively constant throughout the decade.<sup>13</sup> The results in Table 3.2 can be contrasted with those of Flood and Yates (1987). They suggest that the real value to owner-occupiers of the imputed rent tax expenditures that were untouched by the tax reforms since 1985 is broadly of the same order of magnitude in 2001 as it was in 1985. The major difference between the 1985 and 2001 results, however, arises from the additional tax expenditure introduced post 1985 as a result of the introduction of a capital gains tax that exempted gains on owner-occupied housing. The value of this exemption has meant the real value of total tax expenditure for owner-occupied housing in 2001, at \$4,200 per household, was more than treble the 1985 value of \$1,200 per household.

The benefits of these tax expenditures for owner-occupied housing are not distributed evenly across the population. All owners enjoy the benefits of the positive tax expenditures. The costs of the negative tax expenditures, however, are borne solely by home purchasers. It is not clear, on a priori grounds, what the overall implication of this asymmetric distribution is likely to be. Positive benefits depend on the value of owner-occupied dwellings, the capital gains enjoyed and on the homeowner's marginal tax rate. Negative costs depend on the amount paid out in interest costs and also on the homeowner's marginal tax rate. Outright owners may have high or low incomes, and hence high or low marginal tax rates, depending

<sup>13</sup> Because it covers only the period from 1990, the table does not highlight the significant increase in the value of tax expenditures to owner-occupied housing brought about by the introduction of capital gains taxation in 1985 and by the exemption of owner-occupied housing from this tax.

primarily on their life stage. Home purchasers, on the other hand, generally tend to have higher incomes than those who do not or cannot enter owner-occupation. A complex range of factors influence dwelling values. Life stage and location are two that will be examined below.

The following section examines the question of who benefits from the increased indirect assistance provided to owner-occupiers under the Australian tax system.

## **Distributional estimates of tax expenditures from survey data**

This section provides distributional estimates of tax expenditures based on data from the 1999 Australian Housing Survey. To estimate the tax benefits, certain assumptions have been made about the extent and value of capital gains and imputed rent. Capital gains are based on an extremely conservative assumption of an underlying trend rate of 3% per annum growth rate in nominal house prices. Gross rents are estimated by applying the gross rental rate of return implicit in the aggregate data reported in the previous section to the dwelling values reported in the survey. Net rents are derived from the estimated gross rents by subtracting reported operating costs. Interest paid is derived from the value of the mortgage debt outstanding and the current rate of interest on loans to owner-occupiers. The background to, and rationale for, these assumptions is provided in Appendix 2.

These assumptions generated an average total tax expenditure benefit of \$2,800 per household in 1999, as measured in 1999 dollar value.<sup>14</sup> This arises from owner-occupation of dwellings that had an Australia-wide average value of \$222,000 in 1999 and for which there was an average of \$94,000 in outstanding mortgage debt.

Figure 3.1 illustrates how the tax expenditures for all owners, outright owners and owner-purchasers have been distributed according to household income given the assumptions outlined above. The data that underpin the results illustrated in Figure 3.1 are presented in Tables A3.1 in Appendix 6. The results illustrated in Figure 3.1 clearly show the strong bias towards high income outright owners that arises from the positive benefits of the net imputed rent and capital gains exemptions in the current income tax system.

High income owner-occupiers received an average total benefit of \$4,700 in 1999 from the tax expenditure to their owner-occupied housing. Owner-occupiers in the lowest income quintile received \$0. These concessions, which apply to all owners, are offset for purchasers by the non-deductibility of interest costs. Outright owners received an average total benefit of \$4,400, close to five times the benefit than that received by purchasers. High income outright owners received a total tax benefit of \$8,800 per household in contrast to \$2,100 received by high income purchasers. Low income outright owners and low income purchasers received \$0. The impact of age on these results is shown below.

Households in the bottom quintile receive no benefits from this form of assistance because their incomes are below the tax threshold. Households in the top income quintile received average benefits that, in absolute terms, are three times higher than those received by

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<sup>14</sup> This is equivalent to just over \$3,000 in 2001 dollar value, and is well below the average per household estimate of \$4,500 for 1999 reported in Table 3.2. This is primarily due to the conservative assumption made about the extent of capital gains in the survey data. Estimates of capital gains in the aggregate data were based on the growth in the actual values of owner-occupied dwellings. The data used pre-date the significant increases in dwelling values that have occurred on an Australia-wide basis from 2001.

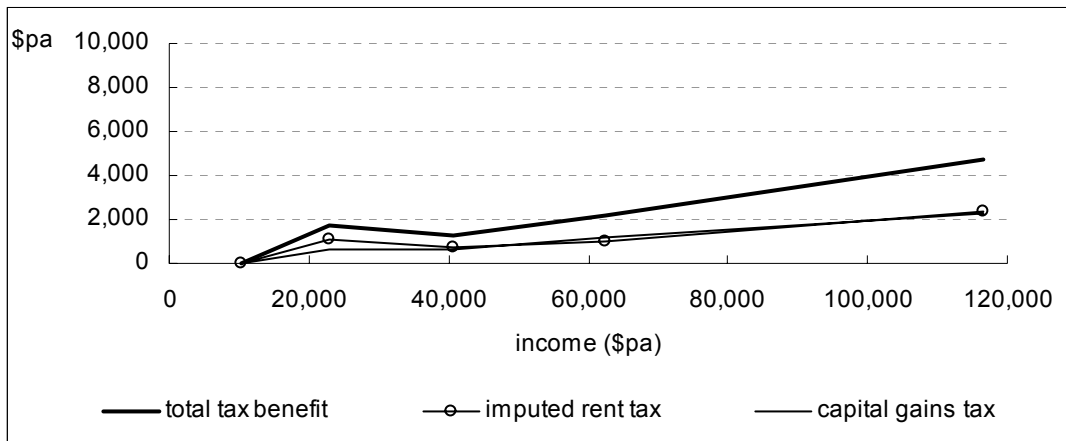
households in the second and third income quintiles. Outright owners in the top income quintile received a benefit that is four times higher than the benefit received by low income outright owners. Purchasers in the top income quintile received a benefit that is more than six times that received by purchasers in lower income quintiles and more than four times that received by purchasers with moderate to high incomes.

As can be seen from the data reported in Tables A3.1 and A3.2, these outcomes can be attributed as much to the progressivity of the marginal tax rates in the current Australian income tax system as to the differentials in dwelling values. Marginal tax rates for high income earners are almost 2.5 times those of low income earners. Dwelling values for high income households are less than double those of lower income households.

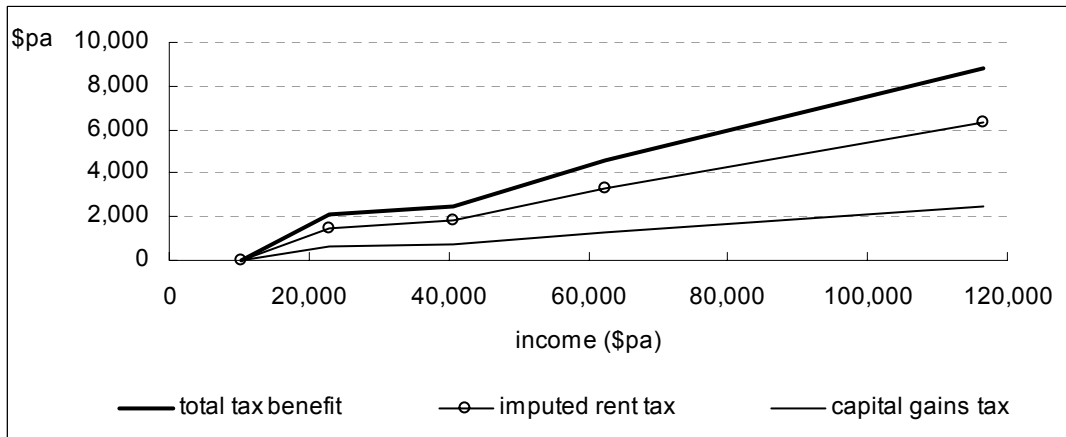
The results illustrated in Figure 3.1 show that those who benefit most from tax expenditures that arise from the federal income tax system are high income households who live in high valued dwellings and have little housing debt. In part, the change from home purchase to outright ownership varies with a household's life cycle. Older households, for example, are more likely to be outright owners than are younger households.

Figure 3.2 illustrates the strong income and life-cycle effects that are associated with tax benefits that accrue as a result of the net housing wealth. The data that underpin the results illustrated in Figure 3.2 are reported in Table A3.3. Table A3.4 and Table A3.5 report the breakdown of these data for outright owners and purchasers. For the data illustrated, Table A3.3 shows that households with a reference person over age 65 and income within highest income quintile, for example, occupy dwellings with an average value of \$437,000. This is almost 2.5 times the value of dwellings occupied by their low income counterparts and is significantly greater than the value of dwellings occupied by younger high income households. The relatively high values of owner-occupied dwellings with owners over age 65 are more likely than not to be a result of the capital gains that have accrued as a result of reaching outright home ownership that occurs for many older households. At the same time, older households have an average equity of 98% in their home. In other words, the vast majority of older high income owners (and, indeed, all of all older owners) own their dwellings outright.

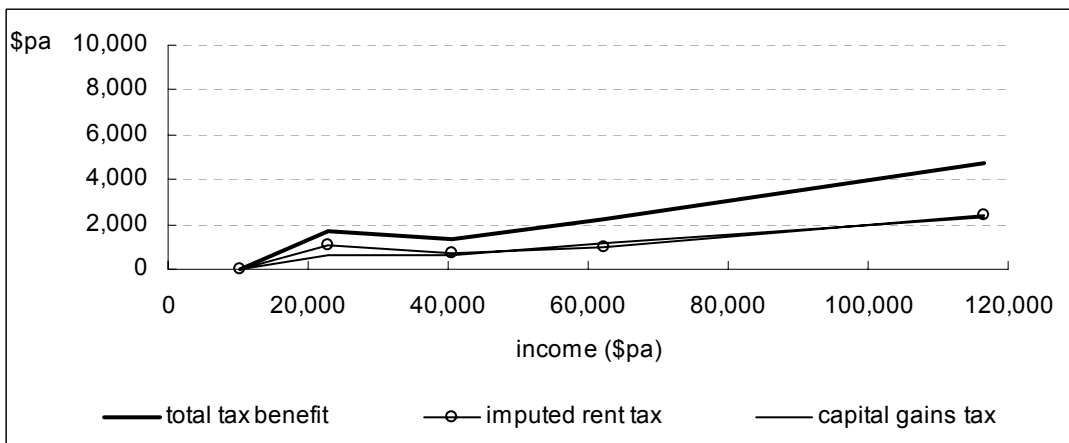
*All owners*



*Outright owners*



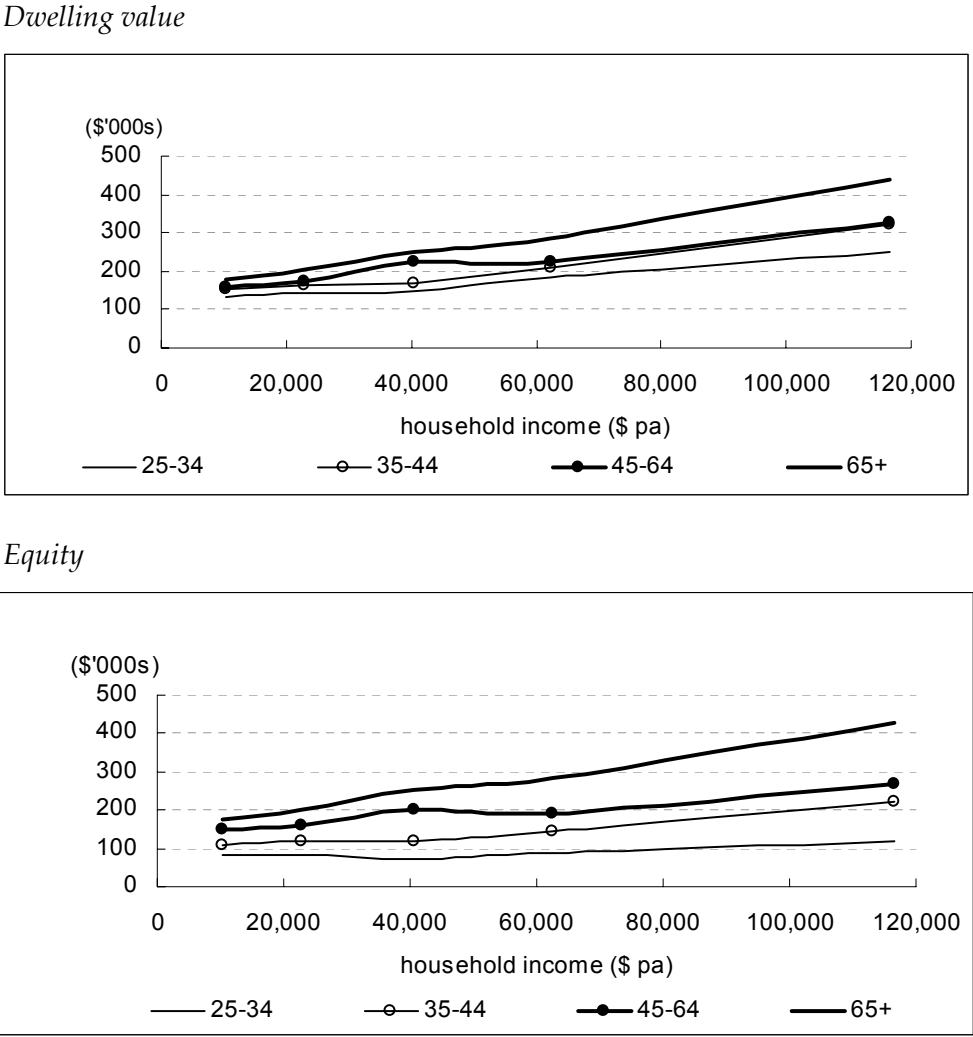
*Purchasers*



Source: Yates (2003) based on Australian Housing Survey 1999, confidentialised unit record files.

**Figure 3.1: Tax benefits by household income and tenure type, Australia, 1999**

The average equity in owner-occupied dwellings over all households, while not as high as that for older households, is still a very high 81% with even households in the youngest age group reported in Table A3.3 (those in the 25–34 years age group) having an average equity of 50%. Younger households have a considerably higher average mortgage debt than do older households, with an average debt of \$92,000 for those in the 25–34 years age group compared with an average debt of \$1,000 for those 65 years and older. At the same time, the average dwelling values of younger households (of \$185,000) is also lower than those occupied by older households.



Source: Yates 2002a, Figure 3, based on Australian Housing Survey 1999, confidentialised unit record files.

**Figure 3.2: Dwelling value and equity by age and income**

Lower dwelling values and higher housing debt at every level of income mean that young households benefit less from the tax concessions to owner-occupied housing than do older households with the same level of income. The age breakdowns of the tax expenditures illustrated in Figure 3.2 are presented in Figure 3.3. The data that underpin these results are

presented in Tables A3.7 and A3.8 for outright owners and purchasers respectively. The average data for all owners (not illustrated) are presented in Table A3.6.

These data show that high income households with a reference person aged 65 years and older, on average, received almost \$12,000 in 1999 in tax benefits arising from the exemption from the income tax system of the income from their owner-occupied dwellings. Those older households who are outright owners benefit most from this. The benefit derived by those who still have an outstanding mortgage debt is considerably less. The average annual benefit to high income households of \$12,000 exceeds the total income of \$8,400 received by a single aged pensioner from the pension system and is of the same order of magnitude of the \$15,700 received annually by a married couple on the pension.<sup>15</sup> Owner-occupier households aged 65 years who are on pension levels of income, on the other hand, receive no indirect assistance through the tax expenditures associated with their housing. Older households in the first income quintile, with incomes below \$307 per week or \$16,000 per year receive no tax benefits. Those in the second income quintile, with incomes below \$596 per week or \$30,000 per year, receive a mere \$2,200 per year – less than 20% of that received by high income households aged 65 years or more with incomes of more than \$75,000 per year.

At the opposite end of the age spectrum, households in the 25–34 years age group received an average tax benefit of negative \$200 in 1999. Young households who owned their dwellings outright had the benefit of \$2,700 while the benefit to young households with a mortgage was a negative \$700 per household. Negative benefits applied on average only to purchasers under the age of 35 years and are larger for higher income young households, because of their greater capacity to service mortgage debt.

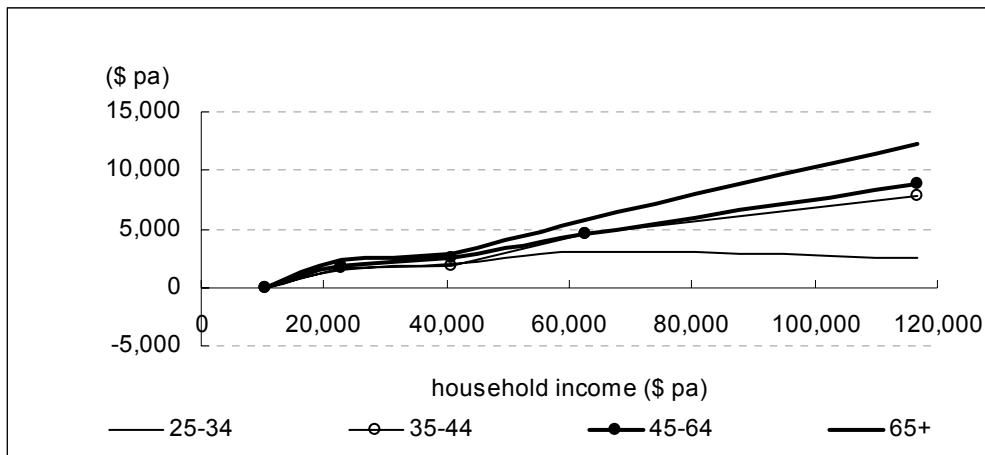
While the benefits to high income older households are considerably greater than those enjoyed by younger households, households with a head over 65 years make up just 4% of high income home owners. Households aged between 35 and 64 years account for 81% of all high income owners and two-thirds of all high income households. Conversely, young lower income purchasers aged between 25 and 45 years with incomes in the three lowest quintiles receive minimal assistance. It is this group of households for whom 1986 and 1996 census data indicate that home purchaser rates declined the most dramatically over the decade (Yates 2000).

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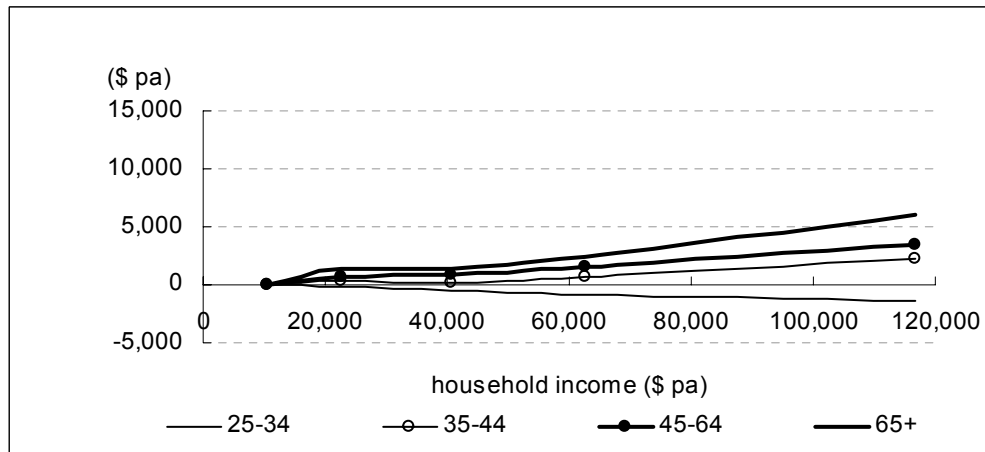
<sup>15</sup> These amounts are based on payments in June 1999 and exclude rent assistance of \$37.90 per week for a single person and \$35.70 for couples.



### Outright owners



### Purchasers



Source: Australian Housing Survey 1999, confidentialised unit record files.

Figure 3.3: Tax benefits by age and household income, 1999

## Spatial variations in direct assistance

The data presented above have demonstrated varying distribution of indirect assistance to owner-occupiers by income and by age. The differences recorded are exacerbated by spatial variations in dwelling values in rents and in the differences in the dollar values of capital gains that, in part, have contributed to the differences observed.

An overview of the extent of the spatial variations in these key variables is provided in Table 3.3 below. This summarises the data on mean dwelling values, mean equity in housing and mean income. More detailed information can be found in Tables A3.9–A3.14 in Appendix 6. The final column in Table 3.3 reports the mean tax expenditures per household that arise from the interaction of dwelling value, equity and income. On average, average total tax expenditures in each state in 1999 varied from a low of \$1,200 per household in Tasmania (as a result of the lowest average dwelling values, the lowest average equity in owner-occupied housing and the lowest average household incomes amongst the states or territories) to a high of \$4,300 per household in New South Wales. The New South Wales average, in turn, is

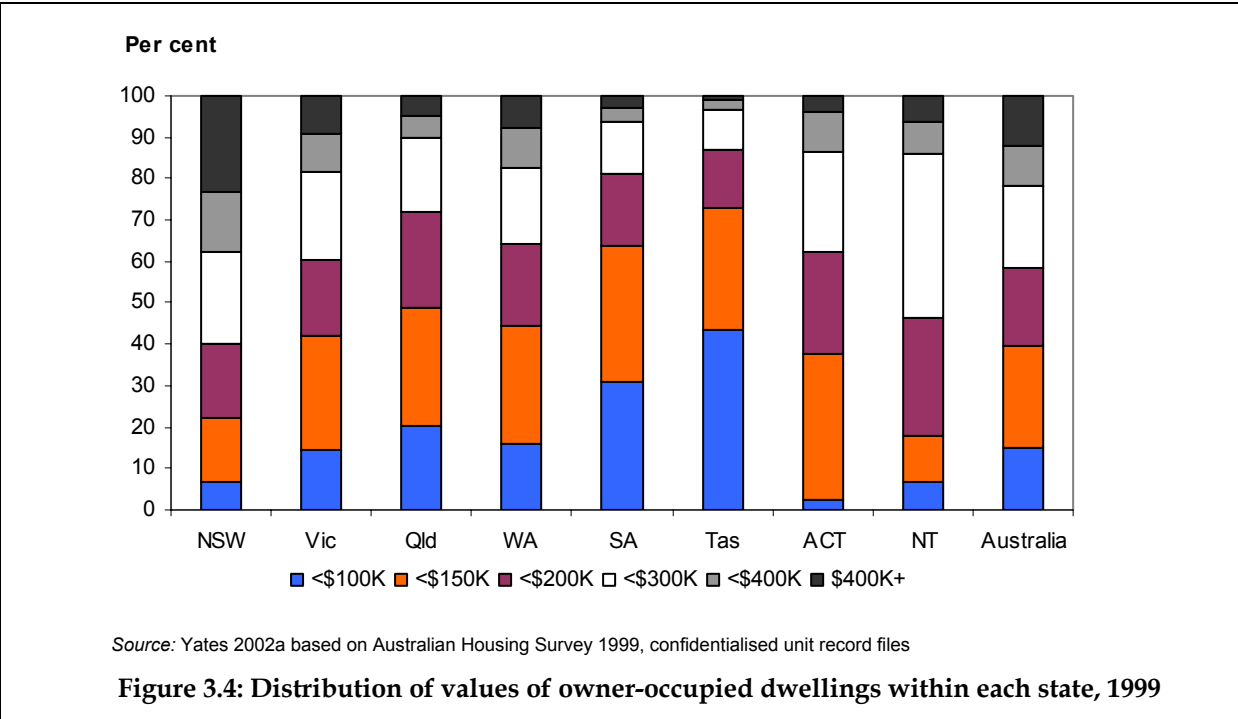
dominated by the even higher tax expenditures of \$5,500 per household in Sydney. In other words, on average, households in New South Wales receive more than three times the assistance provided to households in Tasmania.

**Table 3.3: Mean dwelling values, equity and household income across regions, 1999**

	Dwelling value	Equity	Income	Tax expenditures
	\$	\$ pa	\$ pa	\$ pa
Australia	222,000	180,000	54,600	2,800
NSW	297,000	248,000	58,800	4,300
Vic	203,000	166,000	55,600	2,600
Qld	173,000	129,000	49,900	1,600
SA	147,000	117,000	47,800	1,600
WA	206,000	162,000	53,000	2,400
Tas	125,000	99,000	42,600	1,200
NT	218,000	141,000	77,000	1,600
ACT	192,000	142,000	67,600	1,500
Sydney	374,000	314,000	66,000	5,500

Source: Australian Housing Survey 1999, confidentialised unit record files.

In general the spatial distribution of indirect assistance provided to owner-occupiers through the tax expenditures associated with the Australian Government’s income tax system is influenced by equity values and household income.

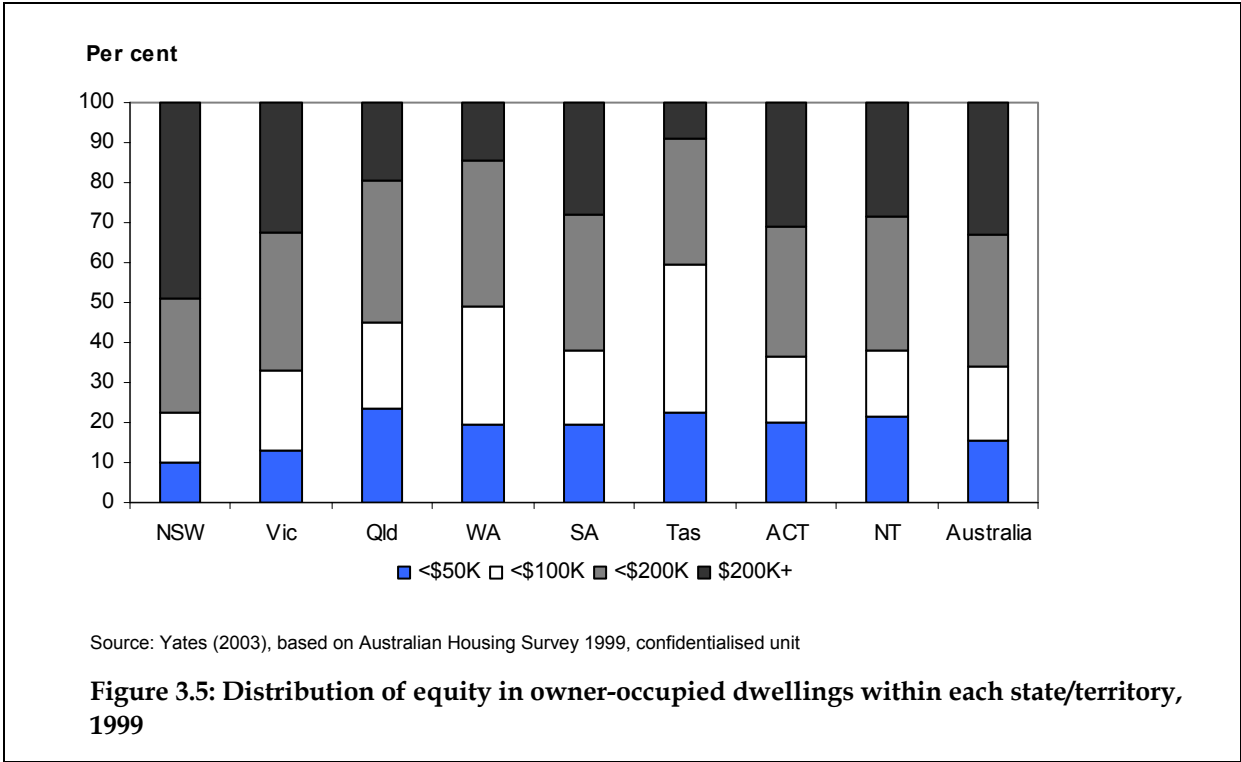


Source: Yates 2002a based on Australian Housing Survey 1999, confidentialised unit record files

**Figure 3.4: Distribution of values of owner-occupied dwellings within each state, 1999**

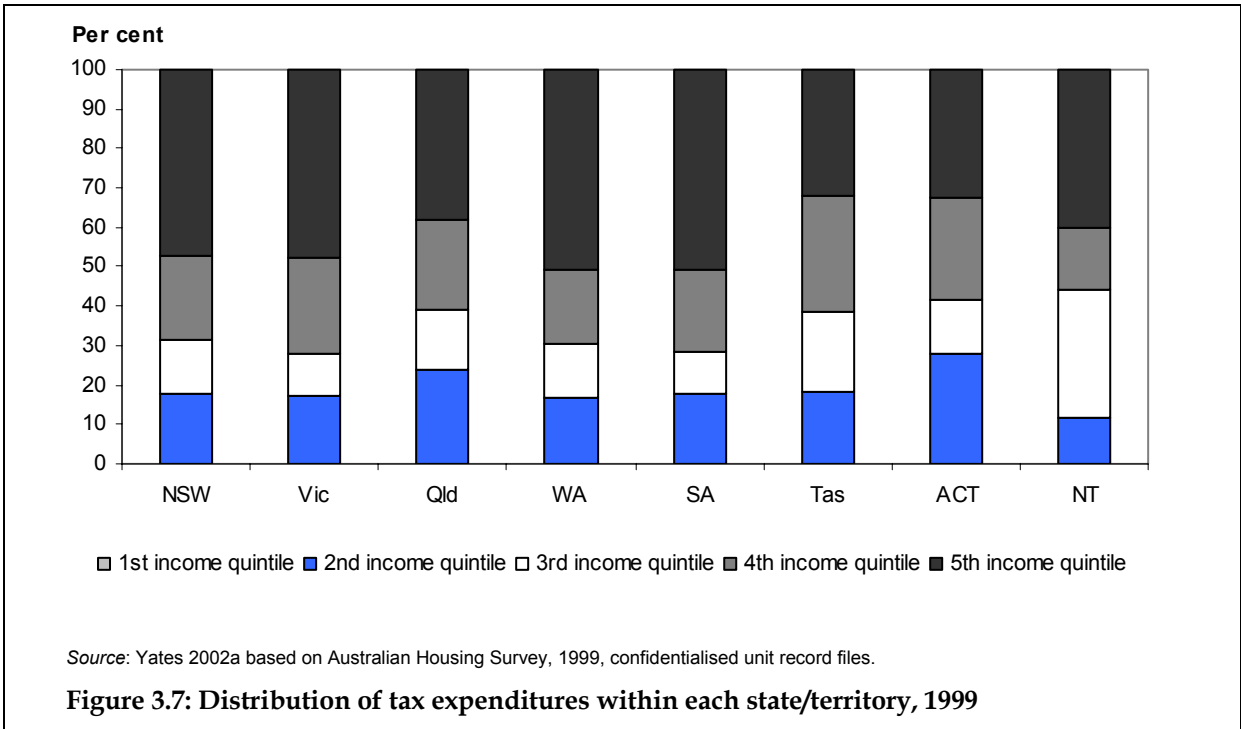
Figure 3.4 shows the relatively higher proportion of high valued dwellings (over \$400,000) in New South Wales compared with all of the other states or territories. Figure 3.5 shows the even higher proportion of dwellings in which the owner-occupiers have high equity (over \$200,000). In part this arises from the impact of house price inflation increasing dwelling

values while not affecting the mortgages of existing owners; in part it reflects a high proportion of outright owners. A high proportion of low cost dwellings (below \$100,000) in South Australia and Tasmania contribute to the low average dwelling values in those states.



The differences that arise in the benefits from the exemption of capital gains and rental income from owner-occupied dwellings because of spatial differences in dwelling values and housing equity are exacerbated by spatial differences in the distribution of household incomes. These are summarised in Figure 3.6 with the distributional outcomes for tax expenditures illustrated in Figure 3.7.





These data mirror those for Australia as a whole. They suggest that in virtually every region, almost half of the total value of tax expenditures are distributed to households in the top income quintile, with none going to those in the lowest income quintile (because in the methodology used in this study these households are assumed to have a zero marginal tax rate).

### 3.4 Summary

The estimates presented in this section indicate that direct and indirect assistance paid to home owners is broadly distributed across this tenure with high income households receiving the greater share of this assistance. The amount of FHOG provided is small compared with that provided indirectly through the tax system.

# 4 Distribution of direct and indirect assistance across tenures

## 4.1 Overview of direct and indirect assistance

This section combines the two components of work presented in previous sections and provides a summary of direct and indirect assistance in terms of aggregates and distributions.

The direct comparison of the size and distributions between areas of assistance needs to be approached with caution as:

- The assistance examined covers a range of different policy and program areas, from recurrent government outlays to tax expenditures. The distributional impact of a targeted social expenditure is expected to be different from tax expenditures where redistribution may not be a principal objective.
- Different methodology has been used to estimate the value and distribution of these forms of assistance – the magnitude of the value of assistance in each area could change if other approaches were used<sup>16</sup>.
- Use of survey data in the distributional analysis introduces sampling variability into the results and these data may differ from other sources such as administrative data.

For estimates of tax expenditures the lack of official estimates in these areas means the assumptions used in this analysis do not have any unique status. They produce estimates of the values of taxation revenue foregone based on current levels of homeownership. This revenue forgone approach ignores the impact that the existence of such a tax may have on levels of ownership and equity. If such a tax existed it would likely affect decisions by households in relation to owning/purchasing a house as well as impact on the overall housing market. Also this approach ignores the impact that any revenue raised by expanding the tax base might have on average and marginal tax rates at each level of income as determined by policy makers. The assumptions used have been subject to debate but do represent one generally recognised approach to assessing the value of tax expenditures.

Based on the results obtained from the approaches employed, this section also examines the distribution of each tenure group across various areas, such as income quintiles, age of household reference person and state or territory.

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<sup>16</sup> In particular a market value method of allocating the value of public rental housing was used and a budget outlays approach could produce different estimates. Also estimating the value of tax expenditures was undertaken using several conservative methodologies. The sensitivity of the methodologies employed has been indicated and for tax expenditures is further discussed in Yates (2002b).

## 4.2 Aggregated measure of direct and indirect assistance

### Total benefit dollar amount

In 2001–02 the value of the assistance measured in this report was estimated to be \$25.2 billion. As shown in Figure 4.1 this comprised:

- direct assistance to renters valued at \$3.2 billion comprising:
  - \$1.8 billion for CRA to private renters, and
  - around \$1.4 billion for housing assistance programs under the CSHA;
- direct assistance for homeownership through the FHOG of approximately \$1 billion;
- indirect assistance to home owners valued at around \$21 billion in the form of:
  - capital gains tax exemption of \$13 billion, and
  - imputed rent exemption benefit of \$8 billion.<sup>17</sup>

### Total number of recipients

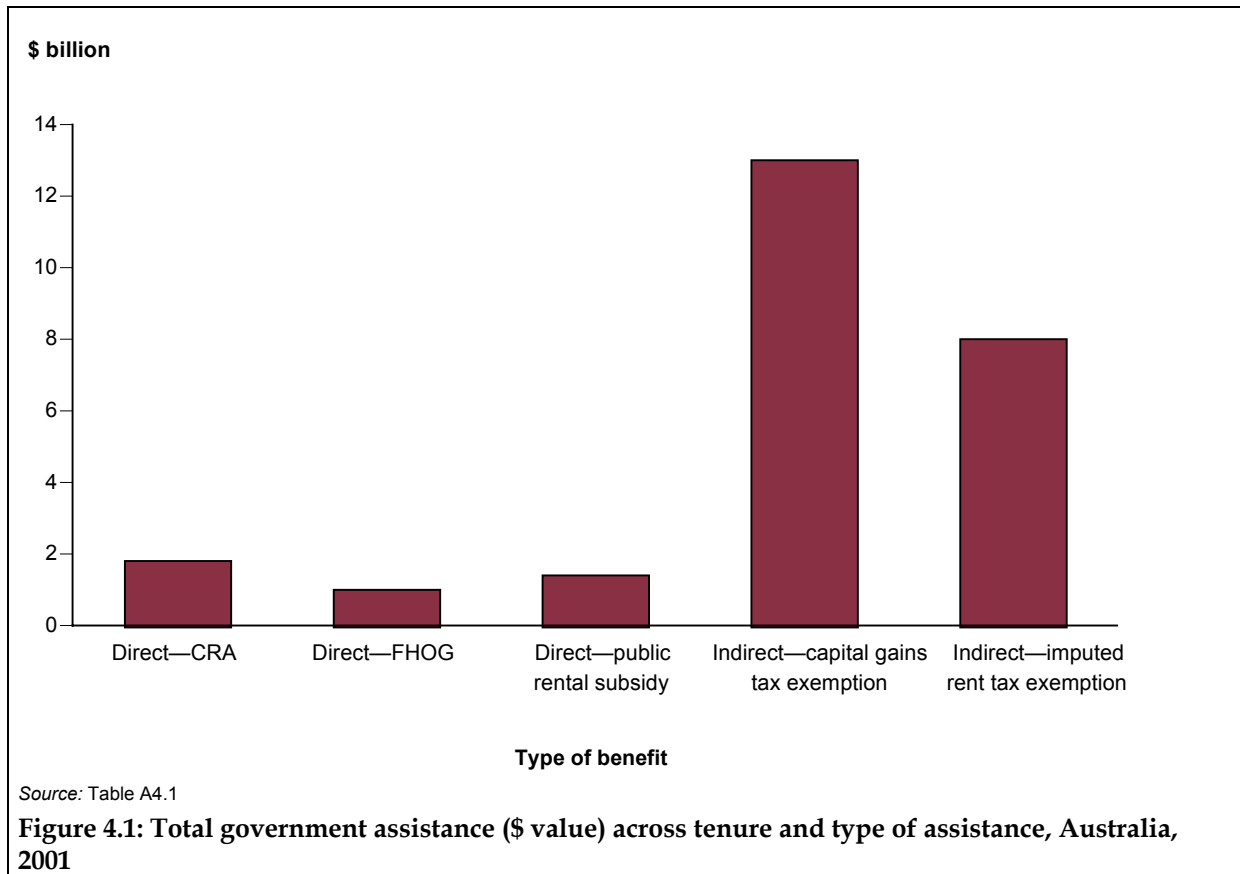
This assistance was distributed amongst households with:

- 1,000,800 renter households assisted through direct assistance in 2001–02 covering:
  - 698,300 private renter households receiving CRA, and
  - 302,500 public renter households receiving rebate assistance under the CSHA.
- An estimated 114,200 home owners receiving direct assistance from the FHOG based on data from the 1999 AHS. This estimate is directly derived from first home buyers in the survey and uses the assumption that the FHOG was in place in 1999.
- About 4,167,500 home owners benefiting from indirect assistance through tax exemption for capital gains and imputed rent exemption on the basis of the assumptions outlined in the previous section.<sup>18</sup>

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<sup>17</sup> The methodology used in the calculation of the imputed rent value is based on a number of assumptions which created negative or zero values for some purchaser households with low housing equity. Under alternative assumptions the net benefit may have varied and could have been positive for these households. The estimates reported in Figure 4.1 are derived from average aggregate values rather than adding up the estimates for individual recipients.

<sup>18</sup> The distribution of direct benefits was based on the identification of the actual number of recipients. The number of assistance recipients for home owners is estimated as the total number of home owners less the total number of home owners with incomes in the first income quintile as the income of households in this quintile is below the tax threshold with the result that there are no tax benefits on the basis of the assumptions made. Also it should be noted that for capital gains tax expenditures the value of capital gains have been annualised across all households whereas the actual number realising this assistance during the year would be significantly lower (and the tax benefits received by households realising their gains, higher).



## Average annual benefits amount

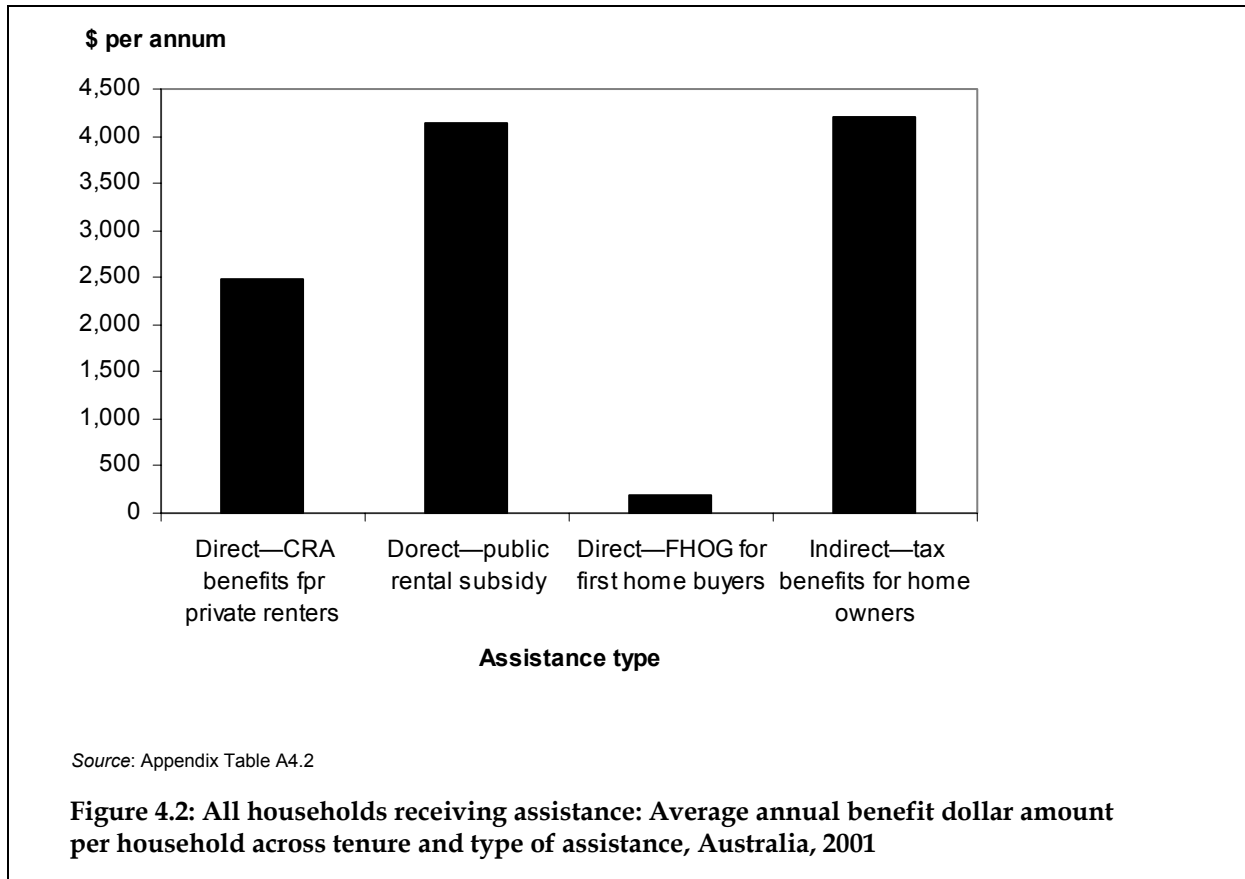
In 2001–02 the average value of the assistance measured in this report was estimated to be:

- For direct assistance to renters receiving assistance:
  - \$2,480 per household per year for private renters receiving CRA (averaged across all private renters this represents an average of \$1,220 per year), and
  - \$4,150 per household per year for public renters receiving a rebate (or \$3,820 per year averaged across all public renter households).
- Direct assistance for homeownership through the FHOG of \$7,000 per recipient (or \$200 across all home owner households);
- Indirect assistance to home owners (calculated for all home owners) valued at around \$4,200 in the form of:
  - capital gains tax exemption of \$2,600, and
  - imputed rent exemption benefit of \$1,600.

The value of housing assistance to homeowners provided a greater benefit amount than that to renters (Figure 4.2). Even though the methodologies used do not facilitate direct comparisons across all these areas of assistance the figure clearly shows that the tax expenditures are considerable and are greater in overall value than the forms of direct housing assistance.

It is important to recognise the different nature of these benefits and consider that:

- While each eligible first home buyer in 2001 can receive the \$7,000 in FHOG it is a one-off payment to a household<sup>19</sup> while CRA or rebates may be paid for as many years as the household is renting. If the annual grant of approximately \$1 billion in FHOG is averaged across all home owners at a point in time it provides the equivalent of \$200 per owner-occupier household.
- The indirect assistance provided to owner-occupier households through tax expenditures of \$4,200 per household in 2001 is a hypothetical value of tax relief and the actual value is debatable. The degree to which these two current tax exemptions influence home ownership is difficult to quantify as they form only a part of a range of taxes and tax expenditures that may influence homeownership decisions.



## 4.3 The distribution of direct and indirect assistance

### Total benefit value by type of assistance

Figure 4.3 clearly shows that direct assistance, in the form of public rental subsidy and CRA, is generally received by households with an income in the lower income quintiles, reflecting the targeted nature of this assistance. Overall, more than 77% of the total CRA benefit was

<sup>19</sup> The size of this assistance has varied over time. For example between 9 March 2001 and 31 December 2001, each first home purchaser household received an additional grant of \$7,000. This additional grant was reduced to \$3,000 on 1 January 2002.

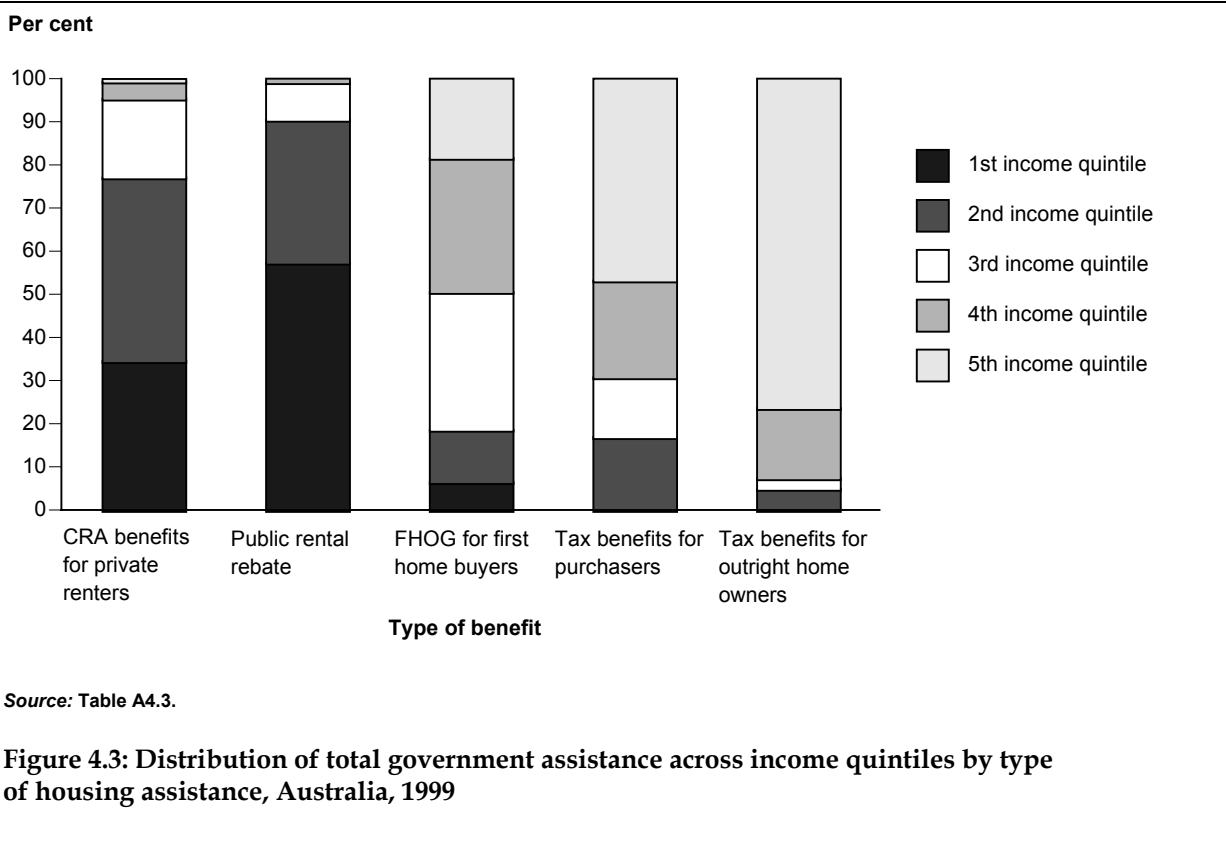


received by households with incomes in the bottom two income quintiles. Meanwhile, 57% of the total public housing rental subsidy was received by households in public housing with incomes in the lowest income quintile; a further 33% of the public housing rental subsidy was received by households with incomes in the second income quintile (Table A4.3).

However, assistance to home owners, on the other hand, primarily benefits higher income households. Analysis based on the AHS 1999 data shows that nearly 70% of tax benefits towards home purchase went to households with incomes in the top two income quintiles. The tax benefit towards home owners shows that a significantly higher proportion of this benefit (93%) was received by households with incomes in the top two income quintiles (Table A4.3).

Since the FHOG was only introduced in 2000, the figures shown here are the estimate of what would have been the distribution of this benefit had the scheme in 2000 been in place in 1999. As the FHOG provided first home buyers with a one-off \$7,000 lump sum payment regardless of the income status of the home buyer, the distribution pattern across income quintiles is the same as the distribution of first home buyers in income quintile.

Analysis of AHS 1999 data shows that in 1999 almost half of the FHOG was received by households with incomes in the top two income quintiles. Another 32% of this benefit went to households with incomes in the third income quintile.



Source: Table A4.3.

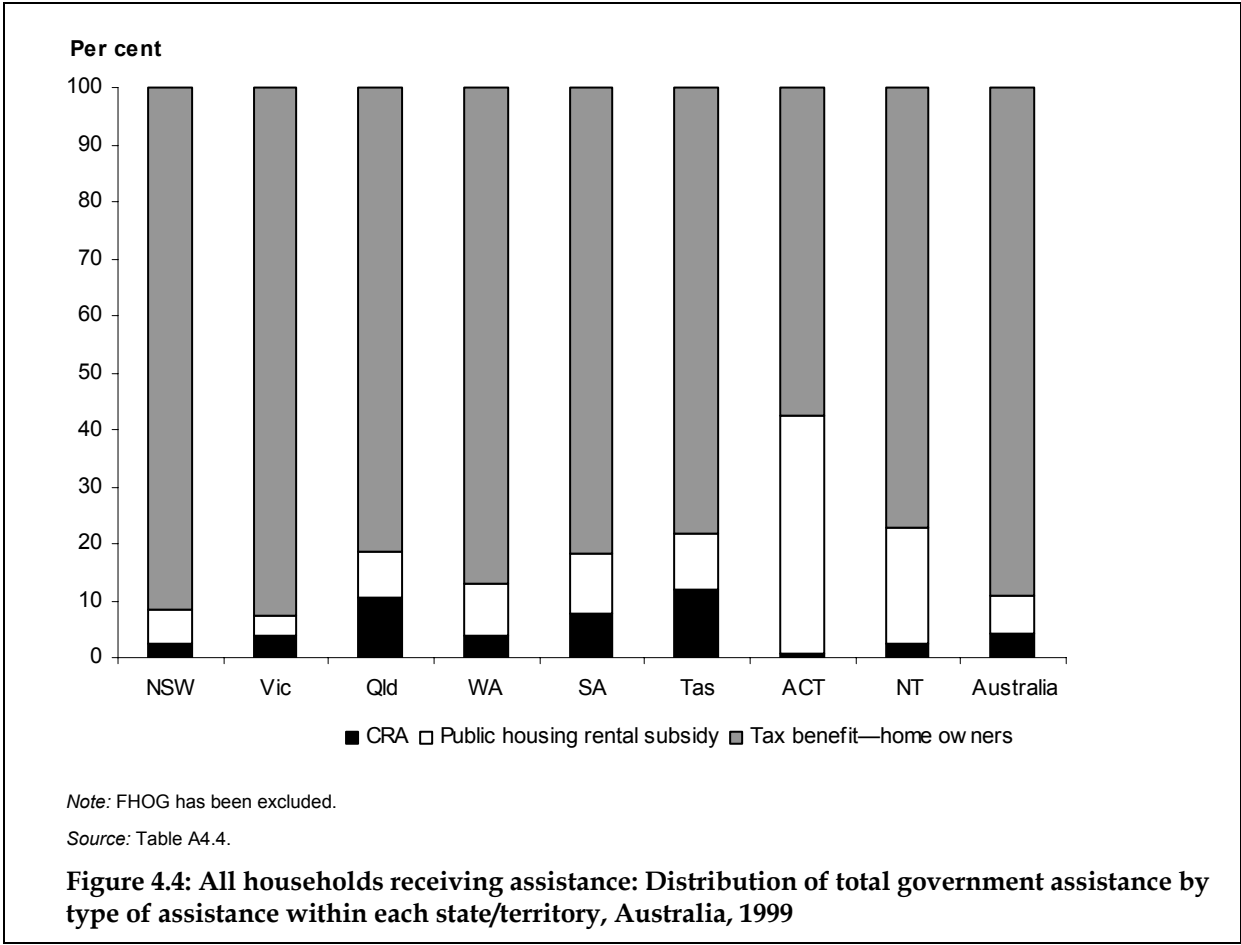
Figure 4.3: Distribution of total government assistance across income quintiles by type of housing assistance, Australia, 1999

**Total benefit value by type of assistance within each state/territory**

If taxation expenditures are assumed to be a form of housing assistance then, nationally, this assistance to home owners comprises nearly 90% of the total government housing assistance

examined in this report. Public housing rental subsidy accounted for 6% of the total benefits and the remaining 4% was CRA outlays.

Bearing in mind the different methodologies used to value these areas of assistance there is significant variation in the distribution of type of benefit between jurisdictions. Within New South Wales and Victoria, the proportion of tax benefit to home owners exceeds the national averages (92% and 93% respectively). This is likely to reflect higher household incomes, higher dwelling prices and greater capital gains in those states than elsewhere. In the Australian Capital Territory and the Northern Territory the percentage of public housing rental subsidy was extremely high (42% and 20% respectively). This may reflect the high percentage of public housing households and the high level of average rental rebate within these jurisdictions. South Australia and Tasmania also had relatively high proportions of this benefit. The Australian Capital Territory, the Northern Territory and New South Wales had relatively lower proportions of CRA benefits (0.6%, 2.6% and 2.6% respectively) compared with the national average (Table A4.4).



### Average benefit value

#### Income quintiles

Table 4.1 shows the average value of assistance across household gross income quintiles for 1999. On average, households who owned their home outright received the highest amount of assistance, \$4,400. The distribution of the benefit that was received by those who own their home outright is skewed towards the highest income quintile where the highest average

annual amount of assistance received was around \$8,800. Households in the lowest income quintile receive no assistance in this form.

The second highest amount of assistance received on average across all income quintiles goes to those households residing in public rental housing who received a rent subsidy. The average amount of assistance received through rent subsidies by households residing in public housing was \$3,700. The distribution of this benefit is relatively even among households within the first four income quintiles, ranging from \$3,330 in the fourth income quintile to \$3,990 in the second income quintile. Households in the highest income quintile receive no assistance of this kind, indicating that the benefit is targeted at lower income households.

**Table 4.1: Average annual benefit in dollars by housing tenure and income quintile, Australia, 1999**

Tenure <sup>(b)</sup>	Income quintile <sup>(a)</sup>					All
	1st	2nd	3rd	4th	5th	
<b>All recipients (\$ per year)</b>						
Private renters receiving CRA	1,650	1,690	1,710	1,340	*980	1,660
Public renters receiving rent subsidy	3,550	3,990	3,710	3,325	—	3,700
<b>All households (\$ per year)</b>						
All private renters	860	790	320	90	20	430
All public renters	2,860	3,070	2,060	*800	—	2,760
All owners	—	1,700	1,300	2,200	4,700	2,800
<i>Home owner with mortgage</i>	—	400	100	500	2,100	900
<i>Home owner without mortgage</i>	—	2,100	2,500	4,600	8,800	4,400

(a) Income quintiles are derived from the Australia-wide population.

(b) FHOG has been excluded.

Source: Australian Housing Survey, 1999, confidentialised unit record files

Households who are home owners with a mortgage received the lowest average benefit (\$900), with this being distributed for households with incomes within the second to the fifth income quintile; the lowest amount, \$100, was received in the third income quintile and the highest, \$2,100, in the fifth. Purchasers are disadvantaged compared to outright owners as they incur non-deductible interest expenses which offset the tax benefit they may be receiving through the imputed rent.

## States and territories

The average annual benefit in dollars received across the various housing tenures nationally in 1999 ranged from \$900 to purchasers, to \$4,400 for outright home owners. Nationally, the two types of direct assistance extended, on average, \$1,660 to CRA recipients in 1999 and \$3,700 to those in receipt of a public rental subsidy.

The amounts of public rental subsidies vary across jurisdictions from \$4,940 in the Northern Territory to \$2,420 in Western Australia. This variation is due to several factors. As the public rental subsidy is the difference between the estimated market rent of the dwelling and the rent deemed to be affordable to households targeted by the particular public housing program, the dollar value of the subsidy is affected by the general price of rental housing within the jurisdiction. Those jurisdictions in which the benefit is greater than \$4,000 are also those in which the capital city median rents are the highest<sup>20</sup> (SCRCSSP 2001:22).

<sup>20</sup> For a three-bedroom house.

**Table 4.2: All households receiving assistance: average annual benefit to households in dollars by housing tenure and income quintile by state/territory, 1999**

Tenure	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
<b>All recipients (\$ per year)</b>									
Private renters receiving CRA	1,690	1,640	1,690	1,580	1,590	1,520	620	1,800	1,660
Public renters receiving rent subsidy	4,690	2,940	3,540	2,420	3,710	2,600	4,940	4,050	3,700
<b>All households (\$ per year)</b>									
All private renters	370	440	540	440	420	630	20	180	430
All public renters	3,550	2,030	3,060	1,620	3,090	1,870	3,780	2,830	2,760
All owners	4,300	2,600	1,600	2,400	1,600	1,200	1,500	1,600	2,800
<i>Home owner with mortgage</i>	2,000	700	-200	500	200	-200	-200	400	900
<i>Home owner without mortgage</i>	5,900	3,900	3,100	4,300	2,700	2,200	3,800	3,800	4,400

Note: FHOG has been excluded.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

The benefit accruing to recipients of CRA is generally consistent across jurisdictions. The only jurisdiction in which the average benefit received deviates significantly from the national average of \$1,660 was the Australian Capital Territory. In this jurisdiction the average benefit received is only \$620.

The group receiving the lowest benefit are those households that are purchasing their own home. In several jurisdictions – Queensland, Tasmania and the Australian Capital Territory – the benefit accruing to these households is negative to the order of \$200. Negative results arise when interest expenses exceed the imputed rent. It occurs when the net rental return on housing is lower than the mortgage interest rate and when households have very low equity. It can arise in high cost jurisdictions as well as low cost jurisdictions.

### **Age of reference person**

The distribution of CRA varies little from the overall average of \$1,660 in all age groups. The age groups are defined by reference person.

Households where the reference person was aged between 25 and 34 years followed by households where the reference person was aged between 35 and 44 years received the highest and second highest amount of assistance in the form of a rent subsidy respectively. Those households in the 25 to 34 years age group received \$4,210 while those in the 35 to 44 years age group received \$4,060 in assistance. Households with a reference person in all other age groups received assistance below the overall average of \$3,700.

**Table 4.3: All households receiving assistance: average annual dollar benefit received per household by tenure type and age of reference person, Australia, 1999**

Tenure	Age of reference person (years)					All
	<25	25–34	35–44	45–64	65+	
Private renters receiving CRA	1,530	1,700	1,700	1,680	1,560	1,660
Public renters receiving rent subsidy	3,600	4,210	4,060	3,620	3,200	3,700
All private renters	390	390	460	430	690	430
All public renters	3,340	3,200	2,920	2,680	2,280	2,760
All owners	—	–200	1,800	3,600	4,100	2,800
<i>Home owner with mortgage</i>	—	–700	900	1,900	2,500	900
<i>Home owner without mortgage</i>	—	1,000	4,100	4,700	4,200	4,400

Note: As there are relatively few younger home owners, the age group less than 25 years is not included in this analysis.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

For home purchasers, there was a clear correlation between the age of the reference person and the level of assistance extended to the household. Those households in the under 25 years age group received no assistance, reflecting the low level of home purchase within this age group. Of the remaining age groups, the lowest benefit, negative \$700, was received by households where the reference person was aged between 25 and 34 years, rising consistently to a peak of \$2,500 in households where the reference person was aged 65 years and older. This undoubtedly reflects the increasing level of equity in the home which householders acquire over time, and the decreasing impact interest payments would therefore have on the overall benefit, or loss, indirectly received.

## Distribution of tenures across income

The distribution of tenure across income quintiles indicates both the targeting of direct assistance to households with incomes in particular income quintiles, and the different tenure choices which households appear to make depending upon their income.

**Table 4.4: Distribution of each tenure group across income quintiles, Australia 1999**

Tenure	Income quintile					All households (‘000)
	1st	2nd	3rd	4th	5th	
Without mortgage owners	27.6	24.5	16.7	14.9	16.2	<b>2,256.1</b>
With mortgage owners	5.1	11.1	21.7	29.4	32.8	<b>2,800.3</b>
<i>All owners</i>	<i>17.6</i>	<i>18.5</i>	<i>18.9</i>	<i>21.4</i>	<i>23.6</i>	<b>5,056.4</b>
Rebated public renters	59.7	30.7	8.8	0.8	–	<b>275.3</b>
Non-rebated public renters	42.5	27.1	20.7	7.8	1.9	<b>93.5</b>
<i>All public renters</i>	<i>55.3</i>	<i>29.8</i>	<i>11.8</i>	<i>2.6</i>	<i>0.5</i>	<b>368.8</b>
Private renters with CRA	34.7	41.6	17.7	4.9	1.1	<b>399.1</b>
Private renters without CRA	11.0	17.0	27.5	25.0	19.5	<b>1,064.1</b>
<i>All private renters</i>	<i>17.2</i>	<i>23.4</i>	<i>24.9</i>	<i>19.8</i>	<i>14.7</i>	<b>1,463.2</b>
<b>All</b>	<b>19.8</b>	<b>20.2</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>7,216.9</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

Of all the public renter households in receipt of a rental subsidy, 90% have an income within the lowest two income quintiles. Almost 60% of these households received an income within the lowest income quintile. This indicates that this form of direct assistance is highly targeted to households within the lower income quintiles. CRA is also similarly targeted to households within these income quintiles, however the highest proportion of recipients of this benefit, 42%, receive an income within the second income quintile, not the first (Table 4.4).

The proportion of households purchasing their own dwelling is skewed towards the highest income quintile. Only 5% of households that were purchasing their own home have incomes within the lowest income quintile while 33% have an income within the highest income quintile. There is a clear correlation between the level of income and the propensity to be purchasing a home.

Of those households that owned their homes outright, more than half (52%) have an income within the first two income quintiles. This skewness to households in the lowest income quintile reflects homeownership of retirees who are typically households with low income but often with a high stock of housing and other wealth accrued throughout their working life.

The remaining households which owned their home outright appear to be distributed relatively evenly between the third, fourth and fifth quintiles.

When grouped together as ‘all owners’, home owners and purchasers are distributed evenly between all the income quintiles, increasing slightly as the level of income increases.

Within the first two income quintiles, households in receipt of either form of direct assistance (CRA or a rental rebate) constituted a higher percentage of all households within these income quintiles than they represented overall. For example, CRA was received by an average of 5.8% of all households overall, however within the first two income quintiles these households constituted 10% and 12% of households respectively. This indicates that direct assistance is targeted to households within lower income groups.

**Table 4.5: Percentage of each tenure group within income quintiles, Australia, 1999**

Tenure	Income quintile					All
	1st	2nd	3rd	4th	5th	
Without mortgage owners	54.1	47.1	32.5	29.0	31.4	38.8
With mortgage owners	8.1	17.1	33.8	46.1	51.1	31.3
<i>All owners</i>	<i>62.2</i>	<i>64.2</i>	<i>66.3</i>	<i>75.0</i>	<i>82.5</i>	<i>70.1</i>
Rebated public renters	11.5	5.8	1.7	0.2	–	3.8
Non rebated public renters	2.8	1.7	1.3	0.5	0.1	1.3
<i>All public renters</i>	<i>14.3</i>	<i>7.5</i>	<i>3.0</i>	<i>0.7</i>	<i>0.1</i>	<i>5.1</i>
Private renters with CRA	10.1	11.9	5.1	1.4	0.3	5.8
Private renters without CRA	9.1	13.7	22.5	20.5	15.9	16.4
<i>All private renters</i>	<i>19.2</i>	<i>25.6</i>	<i>27.6</i>	<i>22.0</i>	<i>16.2</i>	<i>22.1</i>
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

In the upper income quintiles there is a preference for home purchase over private rental (Table 4.5). Households where the reference person has an income within the highest three income quintiles are also more likely to be purchasing their home than to own it outright. This indicates a higher level of gearing for these households as they may be able to secure financing to purchase a home, and may obtain a home with a higher level of amenity than that which they would be able to secure without a mortgage. The proportion of households renting privately decreases in the highest two income quintiles, and that may indicate that households in these income quintiles wish to purchase rather than rent.

Table 4.6, which reflects neither age nor income differences between households, shows there is little difference between the proportion of households who own or are attempting to purchase their homes in all jurisdictions except the Northern Territory. In the Northern Territory, the percentage of 'all owners' is, at 46%, significantly lower than the national average of 70%. The higher level of renters, both public and private, within the Northern Territory reflects this lower level of homeownership, though it is not possible to determine the direction of this causal link from this analysis. Direct assistance for renters appears to take the form of rental subsidies as the percentage of households receiving CRA is, at 1%, significantly lower than the national percentage of 6%.

There is significant variation between the percentage of home purchasers and home owners among jurisdictions. This is likely to be associated with differences in the age structure of households in these jurisdictions. Within New South Wales, Victoria, South Australia and Tasmania, the number of home owners exceeds the percentage of home purchasers by around 10%, reflecting the national averages. In the Northern Territory and the Australian Capital Territory, the percentage of home purchasers exceeds the percentage of home owners.

Within South Australia, households appear more likely to occupy dwellings provided by public housing authorities than private rental dwellings within the private rental market. This reflects the high significance of the public housing sector within South Australia since the 1950s and 1960s (SCRCSSP 2001:993).



**Table 4.6: Percentage of each tenure group, state/territory, 1999**

Tenure	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All
Without mortgage owners	40.6	42.5	34.8	34.2	38.2	40.5	30.8	16.0	38.8
With mortgage owners	28.9	32.2	32.7	33.7	30.8	30.1	37.3	29.7	31.3
<i>All owners</i>	<i>69.6</i>	<i>74.8</i>	<i>67.5</i>	<i>67.9</i>	<i>69.0</i>	<i>70.5</i>	<i>68.0</i>	<i>45.7</i>	<i>70.1</i>
Rebated public renters	4.0	2.6	3.0	3.7	7.1	4.2	7.1	10.2	3.8
Non rebated public renters	1.3	1.2	0.5	0.8	3.6	1.7	3.0	3.1	1.3
<i>All public renters</i>	<i>5.3</i>	<i>3.8</i>	<i>3.4</i>	<i>4.5</i>	<i>10.7</i>	<i>5.9</i>	<i>10.1</i>	<i>13.3</i>	<i>5.1</i>
Private renters with CRA	5.1	5.0	8.3	6.4	4.7	8.4	2.0	1.1	5.8
Private renters without CRA	17.9	13.7	18.0	17.7	12.2	11.9	18.4	36.0	16.4
<i>All private renters</i>	<i>23.0</i>	<i>18.7</i>	<i>26.3</i>	<i>24.1</i>	<i>16.9</i>	<i>20.4</i>	<i>20.4</i>	<i>37.0</i>	<i>22.1</i>
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total households ('000)</b>	<b>2,419.9</b>	<b>1,755.9</b>	<b>1,341.8</b>	<b>722.4</b>	<b>614.8</b>	<b>188.5</b>	<b>120.5</b>	<b>53.0</b>	<b>7,216.9</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files

There is a clear increase in homeownership overall throughout the life cycle (Table 4.7). Where the reference person was aged under 25 years, only 15% of households owned their own home, with or without a mortgage. When the age of the reference person was 65 years or more, 84% of households owned their own home. The trend in homeownership without a mortgage is even more pronounced, with only 1.6% of households where the reference person is aged under 25 years owning their home outright, while 80% of households where the reference person is aged 65 years or more owned their home outright.

Owners with a mortgage were the most common type of household, the percentage reaching 51% of households where the reference person was aged 35 to 44 years.

Conversely to the increase in homeownership as the age of the reference person increases, the incidence of private rental declines as the age of the reference person increases, indicating a shift from renting to purchasing.

Public rental households remain as a relatively constant proportion of housing tenure type throughout all age groupings. The slightly higher levels in the households where the age of the reference person was under 25 years or 65 years and over reflect the lower incomes typically received by people within these periods of life, and the greater difficulty securing rental in the private market these households may experience.

**Table 4.7: Percentage of each tenure group by age of reference person, Australia, 1999**

Tenure	Age of reference person					All
	< 25	25–34	35–44	45–64	65+	
Without mortgage owners	1.6	6.7	19.3	49.8	79.8	38.8
With mortgage owners	13.8	41.5	50.8	31.8	3.8	31.3
<i>All owners</i>	<i>15.4</i>	<i>48.2</i>	<i>70.1</i>	<i>81.6</i>	<i>83.7</i>	<i>70.1</i>
Rebated public renters	6.8	3.8	3.2	3.1	4.9	3.8
Non-rebated public renters	0.5	1.2	1.2	1.1	2.0	1.3
<i>All public renters</i>	<i>7.3</i>	<i>5.1</i>	<i>4.4</i>	<i>4.2</i>	<i>6.9</i>	<i>5.1</i>
Private renters with CRA	18.5	9.9	6.1	3.2	2.9	5.8
Private renters without CRA	53.9	33.5	16.5	9.3	3.6	16.4
<i>All private renters</i>	<i>72.4</i>	<i>43.4</i>	<i>22.7</i>	<i>12.5</i>	<i>6.5</i>	<i>22.1</i>
Rent-free	4.1	2.8	1.7	1.0	1.1	1.7
Other tenure	0.8	0.6	1.0	0.7	1.8	1.0
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total households ('000)</b>	<b>343.2</b>	<b>1,345.7</b>	<b>1,614.4</b>	<b>2,430.3</b>	<b>1,483.2</b>	<b>7,216.9</b>

Source: Australian Housing Survey, 1999, confidentialised unit record files.

## 4.4 Summary

In 2001–02 there was \$25.2 billion of assistance provided for housing. The total value of approximately \$1 billion per annum in direct assistance to homeownership plus \$21 billion in indirect assistance can be contrasted with outlays of \$1.8 billion for rent assistance to private renters and \$1.4 billion for capital outlays on public housing.<sup>21</sup> This section has provided information on how the assistance available was distributed using the 1999 AHS.

It has shown that direct assistance to tenures other than homeownership is targeted to low income households. Indirect assistance to home owners through the tax system, on the other hand, primarily benefits higher income households.

However, the direct comparison of the size and distributions between areas of assistance needs to be approached and interpreted with caution as different methodologies have been used to estimate the value and distribution of these forms of assistance – the magnitude of the value of assistance in each area could change if other approaches were used.

<sup>21</sup> The capital outlays provided for public housing are approximately equal to the service flow subsidies provided by that housing when these are measured against a market rent benchmark. Data on annual levels of assistance provided can be generated from Tables A.5 and A.6 in the Housing Assistance Annual Reports.

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# Glossary

**Capital expenditure:** Expenditure on the acquisition of an asset (excluding financial assets). A non-financial asset is an entity functioning as a store of value, over which ownership may be derived over a period of time, and which is not a financial asset. Capital includes: acquisitions (purchases of properties), construction costs, redevelopment and improvement (of properties), land acquisitions and development, joint ventures.

**Capital gains tax exemption:** The concessional treatment given to owner-occupied housing as a result of being excluded from the capital gains tax.

**Household:** A household is defined as the persons who live and eat together as a domestic unit. It is possible for more than one household to occupy the same dwelling.

**Imputed rent:** the estimated rental value of owner-occupied housing.

**Imputed rent tax exemption:** The concessional treatment given to owners of owner-occupied housing as a result of being treated differently from owners of rental housing by the income tax system.

**Market rent:** The rent that would be charged for a dwelling in the private rental market.

**Private renter:** A household where money is exchanged to another person in return for lodging. In this publication, private renter is defined as a household paying rent to:

- a real estate agent;
- parent or other relative not in the same dwelling; or
- another person not in the same dwelling.

**Public renter:** A household where money is exchanged to an organisation in return for lodging. In this publication, public renter is defined as a household paying rent to a state or territory housing authority.

**Rent:** A regular payment made by a tenant to an owner or landlord in return for lodgement.

**Rent rebate:** A subsidy to tenants that reduces the amount of rent they pay to the state housing authority.

# Appendix 1: Aggregate estimates of tax expenditures from time series data

Estimates of aggregate tax expenditures are necessarily approximate, because they require an assumption to be made about what would have been the relevant tax rate had this untaxed income from owner-occupiers been treated in the same way as taxed income from other owners of housing. This is further complicated by the fact that income is taxed at an individual level, which means the income derived from owner-occupied housing has to be assessed at an individual level. At the aggregate level a conservative approach is to apply the marginal tax rate that applied to average taxable income for individuals in each of the years under consideration.<sup>22</sup> Information on average taxable income is available in the annual taxation statistics provided by the Australian Tax Office. This follows the approach employed by Flood and Yates (1987) who used a 32% marginal tax rate for their study.

For the time period covered by this study, average household taxable income increased (in current prices) from approximately \$20,000 in 1990 to approximately \$35,000 in 2001. This represents an increase in the real value of taxable incomes of approximately 2.5% per annum.<sup>23</sup> The tax scales that applied across this range are shown in the third tax bracket in Table A1. Table A1 also shows the effect of tax reforms that broadened the income tax base

**Table A1: Marginal personal income tax rates, 1993 to 2000-01 (%)**

tax bracket	Prior to 1993	1993-1994	1994-2000	2000-2001
\$1-\$5,400	0	0	0	0
\$5,401-20,700	20.0	20.0	20.0	17.0
\$20,701-36,000	38.0	35.5	34.0	30.0
\$36,001-38,000		38.5		
\$38,001-50,000	46.0	44.1	43.0	
\$50,001-60,000	47.0	47.0	47.0	42.0
\$60,001+				47.0
Medicare levy <sup>(a)</sup>	0.15	1.4	1.5	1.5

(a) Applies to all incomes with a marginal tax rate of 20% or above and some below.

Source: Annual tax packs and budget papers, various years.

<sup>22</sup> Use of existing tax scales presumes that these would remain unaffected by the inclusion of currently untaxed income. Issues arising from assessing tax expenditures at the disaggregate level will be covered in the following section.

<sup>23</sup> Data on average taxable income have been taken from Australian Taxation Statistics for various years ([www.ato.gov.au](http://www.ato.gov.au)). Because of an increasing share of households not in the work force and a changing share of households with no person employed, these income data provide an over-estimate of population-wide average per capita incomes. The breadth of the tax bracket that applies at this level of income, however, suggests that some considerable variation can occur in average income before there is a change in the marginal tax rate that applies.

and reduced the proportion of total revenue raised from income taxes. Marginal tax rates on average incomes declined from (38 + 0.15)% prior to 1993 to (30 + 1.5)% by 2001.

Table A2 presents aggregate estimates of the tax expenditures arising from exempting owner-occupied housing from the capital gains tax (CGT). These estimates are based on the assumption that annual gains provide an estimate of the annualised value of the cumulative value of accrued capital gains. As such, they assume the benefits associated with the deferral of tax liability are greater than the investor's personal discount rate.<sup>24</sup> The results in Table A2

**Table A2: Tax expenditures from capital gains tax exemption, 1990–2001**

Year	Marginal tax rate	Tax expenditures									
		Gross housing wealth <sup>(a)</sup>		Nominal capital gains		Indexation method <sup>(b)</sup>				Discount method <sup>(b)</sup>	
		\$b	\$b (\$2001)	\$b	\$b (\$2001)	\$b	\$b (\$2001)	\$b	\$b (\$2001)	\$b	\$b (\$2001)
1990	38.15	539	703	48	13	4	5	9	12		
1991	38.15	567	715	28	13	4	5	5	7		
1992	38.15	571	712	4	–4	–1	–1	1	1		
1993	38.15	606	742	35	30	9	12	7	8		
1994	36.90	648	780	42	38	12	14	8	9		
1995	35.50	684	788	36	8	2	3	6	7		
1996	35.50	696	777	11	–11	–4	–4	2	2		
1997	35.50	745	829	49	52	17	18	9	10		
1998	35.50	795	879	50	50	16	18	9	10		
1999	35.50	859	940	64	61	20	22	11	12		
2000	35.50	933	989	74	49	16	17	13	14		
2001	31.50	1,017	1,017	84	28	9	9	13	13		

(a) Data for 1989 approximated from Treasury data

(b) Based on assumption of realisation of gains; indexation method ignores 1999 quarantining

Source: Annual tax packs and budget papers, various years; ABS2001, Table 46; Reserve Bank of Australia statistical tables (rba.gov.au), Tables B16 and D02 (mortgage loans outstanding only).

suggest that the tax expenditures associated with the discount method are both lower and less volatile than those associated with the indexation method. Under the indexation method, the average real value of the tax expenditures associated with CGT was \$10 billion per year, compared with what would have been an average of \$8 billion per year had the

<sup>24</sup> Consider, for example, the case where capital gain for the year is \$10,000 (5% of a \$200,000 dwelling) and the marginal tax rate is 30%. If gains were taxed on an accrued basis using the discount method, there would be a tax liability of \$1,500. If this tax liability is deferred because gains are taxed on realisation, the individual gains from retaining access to the funds that would have been used to pay it (or from not having to borrow to pay it). An approximation of this benefit is the current market rate of interest on the amount owed. In the short run, ignoring the 'grandfathering' effect of the CGT will provide an over-estimate of the size of tax expenditures if this is regarded as being a part of the tax benchmark. One possible effect of the grandfathering clause is that it has created a lock-in effect with the result that landlords who owned rental dwellings before 1985 have been encouraged to hold on to these. It is possible that this limits the extent of upward pressure on market rents and so is reflected in lower estimates of the tax expenditures that arise from the non-taxation of imputed rent. However, the limited evidence that does exist suggests that an increasing proportion of landlords have entered the market since 1985. Only 13.7% of investors first rented their property before 1988 (ABS 1998b:18) Consideration of this, however, is beyond the scope of this paper.



discount approach been implemented from the start. The standard errors, that provide an indication of volatility, are 8.6 and 4.1 respectively. These estimates suggest that this tax concession accorded to owner-occupied housing alone is equivalent to more than 1% of GDP, and is of the same order of magnitude as that accorded to superannuation. The concessions to superannuation, in turn, represented 30% of total tax expenditures (estimated by Treasury to have a value of \$30 billion in 2001).

**Table A3: Tax expenditures from imputed rent exemption (\$b), 2001 constant price**

	Non-taxation net imputed rent	Non-deductibility of interest	Net effect of imputed rent exemption
1990	11	-5	7
1991	12	-5	7
1992	12	-4	9
1993	13	-4	9
1994	12	-3	9
1995	12	-4	8
1996	12	-5	7
1997	13	-4	9
1998	14	-5	9
1999	15	-5	10
2000	15	-5	10
2001	13	-5	8

Source: Annual tax packs and budget papers, various years; ABS2001, Table 57.

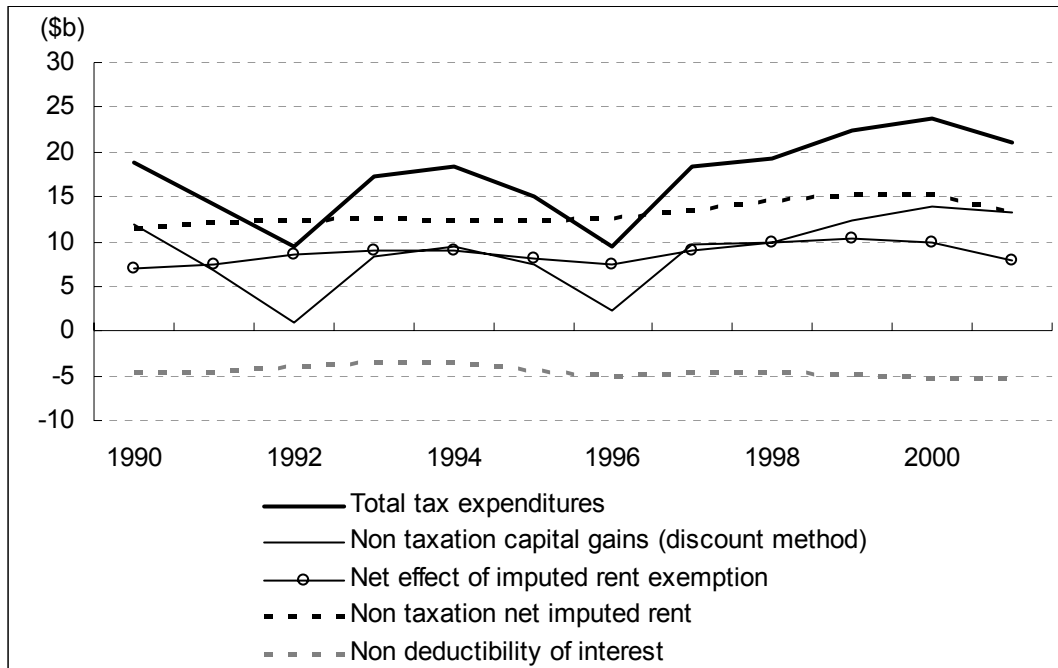
Table A3 provides aggregate estimates of the tax expenditures associated with the non-taxation of imputed rent, based on the same tax rates as those used for the CGT estimates. For 2001, this exemption provides a net benefit of approximately the same order of magnitude as that provided by CGT exemption.<sup>25</sup> To some extent, the increasing value of the value of the exemption of the net rental value (that is, less operating costs) has been offset by increasing mortgage interest costs that are non-deductible. As with the CGT exemptions, the concession to owner-occupied housing provides a net benefit of the same order as that provided by the tax concessions to superannuation. If included in Treasury estimates, together they would account for just under 40% of total tax expenditures. Figure A1 illustrates the trend in the real values of the various components of the tax expenditures that are the source of owner-occupied housing's tax-favoured status. Some of the volatility arising from the use of actual rather than realised gains can be eliminated by converting the estimates in Table A2 to a five-year rolling average. This has not been done here because of the dominating effect of the increases in dwelling values in the early part of the period as a result of the 1998–1999 house price boom.

Figure A1 shows that, despite the underlying volatility of the estimates and despite the offsetting effect of the non-deductibility of increasing mortgage interest costs, there has been

<sup>25</sup> The downturn in the real value of both housing wealth and gross rental value in 2001 can be attributed to a once-off spike in the consumer price index as a result of the introduction of the GST in 2000.

a general upward trend over the decade in the real value of tax expenditures to owner-occupation.

**Figure A1: Indirect assistance to owner-occupied housing, 1990-2000**



Sources: Annual tax packs and budget papers, various years; ABS 2001, Table 46 and 57; Reserve Bank of Australia statistical tables (rba.gov.au), Tables B16 and D02 (mortgage loans outstanding only).

In part, of course, this arises because there has been an increase in the number of owner-occupier households. Table A4 presents the equivalent data on a per household basis. The ABS has estimated that, between 1990 and 2001, the number of households in Australia grew from 6 million to just over 7 million, with an underlying growth rate of 1.4% per annum (which is greater than the population growth rate). Given a stable underlying homeownership rate of approximately 70%, this gives a growth in the number of owner-occupier households of just over 4 million to approximately 5 million.<sup>26</sup>

These data show that, in 2001, the indirect assistance provided to owner-occupier households amounted to \$4,200 per household, consisting of \$2,600 per household for the non-taxation of imputed rent, -\$1,100 for the non-deductibility of mortgage interest and \$2,600 for the CGT exemption.

Using the same basic methodology as employed above, Flood and Yates (1987) estimated that total tax expenditures amounted to \$4.4 billion measured in current 2001 dollar values,

<sup>26</sup> Yates (2000) provides evidence that shows the overall homeownership rate has remained stable despite declining homeownership rates amongst younger households because of the ageing of the population. Because of the relatively slow growth in the number of households, the pattern of tax expenditures on a per household basis is more or less the same as illustrated in Figure A1.

**Table A4: Per household tax expenditures, 1990–2001(\$ pa), 2001 constant price**

Year	Non taxation net imputed rent	Non-deductibility of interest	Net effect of imputed rent exemption	Non taxation capital gains—discount method	Total
1990	2,710	-1,080	1,630	2,800	4,430
1991	2,800	-1,090	1,710	1,580	3,290
1992	2,810	-880	1,930	210	2,140
1993	2,770	-800	1,970	1,830	3,800
1994	2,690	-740	1,940	2,050	3,990
1995	2,550	-890	1,650	1,570	3,220
1996	2,540	-1,020	1,520	470	1,990
1997	2,660	-910	1,750	1,980	3,730
1998	2,830	-910	1,920	2,000	3,920
1999	2,940	-950	1,990	2,490	4,480
2000	3,030	-1,070	1,960	2,780	4,730
2001	2,640	-1,080	1,560	2,640	4,200

Source: Annual Tax Packs and Budget Papers, various years; ABS 2001, Tables 46 and 57; Reserve Bank of Australia statistical tables (rba.gov.au) Tables B16 and D02 (mortgage loans outstanding only). ABS Cat. No. 3236.0, Household and family projections.

an implied estimate of the real value of assistance of \$1,200 per household. This was made up of a positive benefit of \$2,400 from the non-taxation of net imputed income and a \$1,200 cost associated with not being unable to deduct their mortgage costs.<sup>27</sup> These 2001 estimates for the tax benefit associated with the non-taxation of net imputed rent are higher than the 1985 estimates. The cost associated with the non-availability of the mortgage deduction, however, is similar. The former is consistent with increased real value of the housing stock over the period. The latter can be attributed to lower mortgage debt but higher interest costs in 1985 compared with 2001. Overall, the results suggest that the real values of the tax expenditures that were untouched by the tax reforms that have taken place since 1985 have increased gradually over time but are broadly of the same order of magnitude in 2001 as they were in 1985.

At the aggregate level of analysis, the major difference between the 1985 and 2001 results, however, arises from the additional tax expenditure introduced with the post 1985 reforms. In real terms, the total tax expenditures for owner-occupied housing, at \$4,200 per household, are now almost double those that applied in 1985.

The benefits of these tax expenditures for owner-occupied housing, of course, are not distributed evenly across the population. The costs of the negative expenditures are borne solely by home purchasers. The benefits of the positive expenditures are enjoyed by all

<sup>27</sup> The time series estimates were \$2.28 billion for total tax expenditures in 1985 dollars (Flood & Yates, 1987:10). Flood and Yates also reported an estimate of \$3.7 billion based on survey data for 1984–85 to allow for the much lower interest costs reported in the Household Expenditure Survey used for the distributional analysis (Flood & Yates, 1987:42). Scaling the aggregate results by the number of households (as recorded in the 1984 Household Expenditure Survey) implies a per owner household estimate of \$633 for the lower estimate and \$900 for the higher. The real values in 2001 dollars of these estimates are, respectively, \$1,215 and \$1,727 per household. These are lower than the per household figures presented in the report and in the 1993 update (Industry Commission 1993) because the latter include subsidies from all sources, not just from the tax expenditures reported here.

owners. It is not clear, on a priori grounds, what the overall implication of this is likely to be. Home purchasers, in general, tend to have higher incomes than those who do not or cannot enter owner-occupation. Outright owners, on the other hand, may have high or low incomes, depending primarily on their life stage.

# Appendix 2: Methodology of estimating indirect housing assistance from the 1999 AHS data

Three steps are needed in order to determine the distributional impact of indirect assistance provided to housing through the tax system. In the first instance, net rental values need to be determined. This can be done by applying an appropriate gross rental rate of return to the capital values recorded in the survey and by subtracting the operating costs that are recorded. An alternative approach is to apply a net rate of return. Given that the data are available to allow the first approach to be employed and given that operating costs may vary systematically by the variables of interest, the first approach is taken here. Previous approaches to imputing rent for owner-occupied housing in Australia have used a relatively conservative 5% figure for gross rental yields (Yates 1994). This is consistent with the gross rental rate of return that is implicit in the National Accounts data presented in Tables 4 and 6 in Yates 2002a. For 1999, for example, the ratio of gross rental income for owner-occupied dwellings to the gross value of owner-occupied dwellings gives implied gross rental return of 5.5% and that for the decade varies only from 5.3% to 5.8%. It is also the value that was employed for the one time that Australia did impose a tax on imputed rental income.<sup>28</sup> The most recent survey of rental investors (ABS 1998b) supports the argument this is an extremely conservative estimate.<sup>29</sup>

The second step is to determine what are the costs associated with earning that income. In the 1999 ABS housing survey, housing cost data for owners cover mortgage repayments, rates, taxes and expenditure on repairs and maintenance. There is no information available on the breakdown of the components, or of the extent to which mortgage repayments cover principal as well as interest repayments. Interest payments can be approximated from the data on outstanding debt using the same broad methodology as outlined above for gross rents. From the data presented in Tables 4 and 6 in Yates 2002a, the ratio of mortgage interest paid by owner-occupiers as derived from the National Accounts data to the value of mortgage debt outstanding recorded in Reserve Bank data yields an implied rate of interest of 6.6% for 1999. This is virtually identical with the 6.5% variable bank mortgage rate on new

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<sup>28</sup> It was only with the advent of World War I that the Commonwealth introduced an income tax although the states had first introduced income taxes during the late 19th century. Imputed rent was incorporated in the Commonwealth's income tax base from 1915 to 1923. An historical overview of Australia's experience with imputed rent taxation can be found in Harris (2002) and Reece (1985). As recently as 1975, its reintroduction was proposed, with gross rental value being assessed at 7.5% of capital value (Priorities Review Staff 1975).

<sup>29</sup> Less than 10% of investors reported a gross return of less than 5%. Almost 50% reported a gross return of 7 per cent or more. The survey data also suggest there is an inverse relationship between gross rents and dwelling value. The higher returns on lower value dwellings are likely to be offset by lower capital gains. These differences are taken into account by assuming a constant combined rental return plus capital gain for all dwellings. One possible rationale for employing a conservative assessment is that it compensates for ignoring structure depreciation. However, since maintenance costs are fully accounted for in operating expenses and depreciation is accounted for in observed capital gains, this explanation is unnecessary.

lending for June 1999. Over the decade, the interest rates implied by the data presented in Tables 4 and 6 in Yates 2002a track the changes in actual rates closely (to within 0.5 percentage points). The results of employing this approach to estimate interest paid are included below as an indication of the relative importance of interest payments. In the absence of information on operating costs, however, it is not possible to identify the extent to which the total housing costs data include non-deductible mortgage principle repayments. As a conservative estimate, all housing costs will be deducted to derive a figure for net rent less interest costs. This over-estimates allowable deductions under the tax system by an amount equal to the repayments of principal that are embodied in total mortgage repayments.<sup>30</sup> The effect of this, therefore, is to under-estimate tax expenditures by this amount scaled by the relevant marginal tax rate.

Finally, capital gains need to be evaluated. Given that the tax benefit is based on realised rather than accrued gains, there is a strong argument for using trend rather than annual data for capital gains since the cumulative effect over time will even out the impact of troughs and cycles. The results presented above suggested a per household real growth in the value of dwelling assets of approximately 2.5% per annum once household growth is taken into account. The ABS house price index data for established houses indicates an average nominal growth of just under 4% per annum for the period from 1990 to 2001 and a real growth of just over 1% per annum. These house price estimates are more conservative than those implied by the aggregate data and will be used to impute accrued capital gains in the survey data. A conservative 3% nominal growth rate is employed. One advantage of using published price index data is that they can be spatially disaggregated to allow for different rates of capital gain when more disaggregated data are considered.

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<sup>30</sup> Data from the 1998–99 Household Expenditure Survey (cat. no. 6536.0) suggest repayments of principal are of the same order of magnitude as interest repayments.

# Appendix 3: Methodology of converting income units to households

The CRA administrative data are provided at income unit level and are currently unable to be converted to household level.

In contrast to the CRA data, the CSHA data are at household level. Aligning CRA and CSHA data has been seen as a priority area by the Australian and state/territory governments.

Many analyses are carried out at the household level rather than the income unit level. Also, since many households share resources, the receipt of CRA by one income unit in a household may impact on the financial position of the household as a whole. Therefore it is of interest to determine how many households receive some CRA.

The 1999 AHS is the only data source available which provides information at both income unit and household level. Therefore it is possible to obtain an aggregated number of households versus income units.

The table below is drawn from the 1999 AHS and it shows that the average ratio of income units to households is 1.4. However there are variations across the states and territories, the highest being the Northern Territory which is 1.6. This could be due to the large proportion of Indigenous households in the Northern Territory.

The low ratio of income units to households in Tasmania could be a result of the high proportion of single person households in that state.

**Table A5: Ratio of income units to households and estimated number of households which receive CRA by state/territory, Australia, 1999**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
Total estimated number of income units who receive CRA	178,968	138,603	148,716	64,465	38,150	20,588	821	4,323	594,634
Total estimated number of households assisted with CRA	124,886	93,067	111,868	46,490	30,010	16,599	562	2,679	426,161
Ratio of income units to households who received CRA	1.43	1.49	1.33	1.39	1.27	1.24	1.46	1.61	1.40

Source: Australian Housing Survey, 1999, confidentialised unit record files.

These ratios are applied to the administrative number of CRA recipients who are measured at the income unit level. The total number of households who received CRA is estimated by dividing the total number of income units who receive CRA from administrative data by the ratio of income units to households derived from the 1999 AHS data.

# Appendix 4: Discrepancies between the 1999 AHS data and administrative data

As noted in the beginning of this paper, all distributional analysis in the paper is based on the 1999 AHS data. However there are differences between the survey data and the administrative data on basic counts, such as the total number of rebated public renters. This highlights the fact that considerable data development work needs to be undertaken to ensure reliable and consistent data are available for policy and research purposes.

The 1999 AHS data contain a final sample of 13,800 households across Australia. The data provide detailed distributional information on the benefit of rent subsidies received by households living in public housing and CRA obtained by low income households living in private rental dwellings. An overview of this survey is available in ABS (2000).

Table A6 shows that there are large discrepancies regarding the number of recipients and average of benefits between the estimates obtained from the survey data and from administrative data.

**Table A6: Comparison of 1999 AHS and administrative data**

	Unit	Administrative data	1999 AHS
Total number of income units receiving CRA at June 1999	No.	964,000(a)	594,634
Average CRA benefit receiving weekly at June 1999	\$	30.5(a)	32
Total number of rebated public renter households at June 1999	No.	297,000(b)	275,000
Average rent rebate benefit weekly	\$	70(b)	71

Sources: SCRCSSP 2000, vol. 3, pp. 1365 and 1420; AIHW unpublished report.

## CRA

According to the Report on Government Services (RoGS) (SCRCSSP 2000:1365(vol. 3)), there were nearly 964,000 income units receiving a CRA payment in June 1999. The corresponding figure drawn from the 1999 AHS is only around 595,000 income units.

However the discrepancies mainly occur in the aggregated estimates; the difference between the survey data and administrative data on average benefits is not very large. The report stated that the average CRA benefit for each income unit was \$30.50 per week ( SCRCSSP 2000:1365(vol. 3)); the estimate from the 1999 AHS survey was \$32 per week (Table A6).

The under-estimate for the number of households receiving CRA who were living in private dwellings can be explained by the difference in data coverage between two data sources. The 1999 AHS only covers households living in private dwellings. It excludes those living in non-private dwellings (for example, non-Commonwealth funded nursing homes, hostels, some retirement villages, and non-private boarding houses) who might be eligible for and receiving CRA. The RoGS number includes these people. It is important to determine the



size of these groups, so that adjustments can be made when comparing the results drawn from the two data sources. However the current client form and system design used in Centrelink make it difficult to do so.

Another explanation for the discrepancy is the reliability of the survey data regarding CRA. As the survey relies on self-reporting, some recipients may not have understood the meaning of CRA. As mentioned earlier in this paper CRA is paid along with family payments (but not the base family payment) to people with dependent children and with pensions or allowances to pensioners or beneficiaries without children. Because CRA is included as a part of other payments, and not separately, it is very easy for people to either be unaware or to forget that they are receiving it.

The RoGS report also shows that nearly 30% of CRA recipients received it through the family allowance payment (SCRCSSP 2000:1365(vol. 3)). As the amount of CRA payment which forms part of the total family allowance is not clearly stated in the Centrelink customer's statement, the recipients of CRA may not have been aware of the fact that they are receiving CRA as part of their family payment. This suggests that the likelihood of under-reporting or misreporting whether households receive CRA and the amount of CRA received could be relatively high.

## **Public housing**

The extent of the differences between the 1999 AHS and the public rental housing administrative data is shown in Table A6. According to the administrative data, there were nearly 390,000 households living in public housing for the year ending June 1999, among them were 340,000 households in receipt of rental subsidy. The estimated number of public renter households from the survey data is only 275,000, which is 65,000 households less than the administrative data. This may be due to differences in the accounting framework. The survey data are a point-in-time measure, while the administrative data are a year-ending measure.

Despite the large discrepancy between the results obtained from the survey data and administrative data, the average of benefit amounts are very similar.

# Appendix 5: Interpreting estimates derived from the 1999 AHS

The 1999 ABS Australian Housing Survey (AHS) is used as the primary source of data in distributional analysis of direct and indirect housing assistance. The AHS was a survey of households carried out in September and October of 1999. It contains detailed information on housing costs, household composition and income.

Several matters should be considered when interpreting the results derived from the 1999 AHS.

1. Income quintiles used in this paper are formed by ranking the population (household) by ascending gross weekly income and then dividing the ranked population (household) into five equal groups. The values which correspond to gross weekly income quintiles are as follows:

First	less than or equal to \$307
Second	\$308-\$596
Third	\$597-\$965
Fourth	\$966-\$1,477
Highest	more than \$1,477

2. Figures are weighted population estimates and therefore subject to sampling error. Sampling errors are relatively large for estimates based on a small number of respondents. For discussion on the relative standard errors for the AHS see ABS (2000c). Estimates with relative standard errors of between 25% and 50% are indicated by one asterisk next to the figure while those with relative standard errors greater than 50% have two asterisks.
3. The question for obtaining rent subsidy was 'What is the difference between the rent you pay and the market rent for this accommodation?'. This means that the market rent which the respondent used to work out rent subsidy is very subjective to tenants' awareness of market value of similar rental accommodation in the area. However rent subsidy is calculated by subtracting rent paid from the market rent in the public housing administrative data. The market rent value is recorded in the state or territory's information management system, and it is a notional value; the method used for evaluation and updating across jurisdictions varies.
4. As is generally the case when presenting estimates, numbers may not add due to rounding.

# Appendix 6: Tables

**Table A 1.1: Real government expenditure on CSHA assistance, CRA and rent rebates (\$m), current and constant prices, 1990–91 to 2000–01**

	CSHA		CRA		Rental Subsidy		
	Current prices (\$m)	Constant prices 1999–2000 (\$m)	Current prices (\$m)	Constant prices 1999–2000 (\$m)	Current prices (\$m)	Constant prices 1999–2000 (\$m)	1999–2000 Deflator (%)
1990–91	1,322.9	1,505.0	740.0	841.9	794.5	903.9	87.9
1991–92	1,409.0	1,572.5	907.0	1,012.3	882.9	985.4	89.6
1992–93	1,485.4	1,639.5	1,199.0	1,323.4	773.2	853.4	90.6
1993–94	1,419.6	1,549.8	1,401.0	1,529.5	857.0	935.6	91.6
1994–95	1,509.6	1,625.0	1,453.0	1,564.0	1,063.5	1,144.8	92.9
1995–96	1,489.8	1,568.2	1,552.0	1,633.7	1,208.8	1,272.4	95.0
1996–97	1,353.4	1,401.0	1,647.0	1,705.0	1,219.9	1,262.8	96.6
1997–98	1,207.4	1,234.6	1,484.0	1,517.4	1,205.6	1,232.7	97.8
1998–99	1,276.6	1,301.3	1,505.0	1,534.1	1,232.8	1,256.7	98.1
1999–00	1,331.0	1,331.0	1,538.0	1,538.0	1,175.2	1,175.2	100.0
2000–01	1,406.5	1,342.1	1,717.0	1,638.4	1,268.8	1,210.7	104.8

*Notes*

1. Constant dollar values were calculated using 1999–2000 GDP deflators.
2. Market rent is a notional value, there is a variation across jurisdictions.
3. 1999–00 rental subsidy excludes the Northern Territory value.
4. The rental subsidy figures since 1999–2000 are collected through the financial statements; the method is different from the previous years' data as stated in the Housing Assistance ACT annual report.
5. Data on CSHA expenditure include all housing expenditure under CSHA. However rental subsidy only includes public housing.

**Table A2.1: Annual average amount of CRA by household income quintile and state/territory, 1999**

State/territory	Income quintile					Total
	1st	2nd	3rd	4th	5th	
<b>All private renters</b>						
New South Wales	838	800	272	38	1	372
Victoria	884	721	346	81	47	439
Queensland	992	878	401	166	21	536
Western Australia	678	779	317	108	43	421
South Australia	800	645	257	89	—	437
Tasmania	1,272	825	249	100	*283	628
Australian Capital Territory	*154	*742	154	—	—	179
Northern Territory	*32	—	—	50	—	18
<b>All</b>	<b>864</b>	<b>785</b>	<b>315</b>	<b>87</b>	<b>18</b>	<b>431</b>
<b>All CRA recipients</b>						
New South Wales	1,707	1,725	1,703	**1,392	**104	1,692
Victoria	1,577	1,702	1,818	**1,059	**1,924	1,642
Queensland	1,716	1,705	1,740	*1,467	**936	1,692
Western Australia	1,527	1,721	1,493	**1,481	**909	1,589
South Australia	1,564	1,574	*1,597	**1,714	—	1,578
Tasmania	1,602	1,385	*1,703	**1,040	**1,560	1,519
Australian Capital Territory	**1,300	*1,895	**1,807	—	—	1,803
Northern Territory	**312	—	—	**787	—	619
<b>All</b>	<b>1,645</b>	<b>1,694</b>	<b>1,709</b>	<b>1,342</b>	<b>*979</b>	<b>1,655</b>

Note: Income quintiles are derived from the Australian-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A2.2: Annual average amount of CRA by household income quintile and household composition, 1999**

Household composition	Income quintile					Total
	1st	2nd	3rd	4th	5th	
<b>All private renters</b>						
One family: couple only	535	645	91	26	8	198
One family: couple with dependent children only	888	1,225	650	59	10	564
One family: other couple	**212	*1,016	578	255	22	331
One parent with dependent children	1,431	1,488	739	*216	**1,547	1,272
Lone person	816	110	—	—	—	353
Group household	*458	490	179	99	11	165
Other household	*877	459	583	303	13	341
<b>All</b>	<b>864</b>	<b>785</b>	<b>315</b>	<b>87</b>	<b>18</b>	<b>431</b>
<b>All CRA recipients</b>						
One family: couple only	1,490	1,393	*1,292	**1,198	**936	1,389
One family: couple with dependent children only	*1,824	1,804	1,750	*951	**780	1,740
One family: other couple	*936	*1,864	*1,831	*1,196	**1,560	1,627
One parent with dependent children	1,883	1,866	1,745	*1,850	**1,924	1,858
Lone person	1,582	*1,841	—	—	—	1,597
Group household	**1,294	1,043	*1,409	*1,438	**396	1,164
Other household	**1,840	1,490	1,826	*1,725	**936	1,678
<b>All</b>	<b>1,645</b>	<b>1,694</b>	<b>1,709</b>	<b>1,342</b>	<b>*979</b>	<b>1,655</b>

*Note:* Income quintiles are derived from the Australian-wide population.

*Source:* Australian Housing Survey, 1999, confidentialised unit record files.

**Table A2.3: Annual average amount of CRA by household income quintile and age of reference person, 1999**

Age of reference person (years)	Income quintile					Total
	1st	2nd	3rd	4th	5th	
<b>All private renters</b>						
<25 years	878	655	250	98	—	390
25–34 years	891	869	320	66	10	387
35–44	901	919	386	115	7	461
45–64	911	556	309	82	65	429
65+	746	790	*58	—	—	688
<b>All</b>	<b>864</b>	<b>785</b>	<b>315</b>	<b>87</b>	<b>18</b>	<b>431</b>
<b>All CRA recipients</b>						
<25 years	1,698	1,521	1,340	*1,280	—	1,528
25–34 years	1,661	1,775	1,775	*1,157	**489	1,696
35–44	1,646	1,707	1,825	*1,607	**936	1,701
45–64	1,677	1,676	1,781	*1,363	**1,580	1,679
65+	1,546	1,591	**1,820	—	—	1,561
<b>All</b>	<b>1,645</b>	<b>1,694</b>	<b>1,709</b>	<b>1,342</b>	<b>*979</b>	<b>1,655</b>

Note: Income quintiles are derived from Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A2.4: Annual rental subsidy amount (\$) by household income quintile by state/territory, 1999**

State/territory	Income quintile				Total
	1st	2nd	3rd	4th	
<b>All public renters</b>					
New South Wales	3,429	4,252	*3,116	**1,051	3,550
Victoria	2,247	1,917	**1,301	**1,559	2,031
Queensland	2,962	4,062	*1,738	—	3,058
Western Australia	3,311	*2,773	*2,917	—	3,086
South Australia	1,975	1,340	*509	**127	1,616
Tasmania	2,118	*2,151	**348	—	1,866
Australian Capital Territory	3,602	*3,578	**1,118	—	2,834
Northern Territory	*4,828	*4,132	**2,514	—	3,777
<b>All</b>	<b>2,858</b>	<b>3,069</b>	<b>2,059</b>	<b>**804</b>	<b>2,760</b>
<b>Rebated public rental households</b>					
New South Wales	4,397	5,179	*4,758	**4,680	4,685
Victoria	2,958	2,899	**2,893	**3,162	2,942
Queensland	3,180	4,287	*2,904	—	3,539
Western Australia	3,685	*3,789	*3,701	—	3,711
South Australia	2,619	2,093	*1,762	**520	2,421
Tasmania	2,713	2,520	**1,612	—	2,603
Australian Capital Territory	4,148	*4,207	**2,817	—	4,049
Northern Territory	*4,828	*5,625	**3,536	—	4,935
<b>All</b>	<b>3,550</b>	<b>3,990</b>	<b>3,710</b>	<b>**3,325</b>	<b>3,698</b>

Note: Income quintiles are derived from Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A2.5: Annual average rental subsidy amount (\$) by household composition by household income quintile, 1999**

Household composition	Income quintile				Total
	1st	2nd	3rd	4th	
<b>All public renters</b>					
One family: couple only	2,414	2,468	**646	**1,933	2,312
One family: couple with dependent children only	**511	2,555	2,389	—	2,325
One family: other couple	**1,624	*2,304	*1,499	—	1,668
One parent with dependent children	3,838	4,193	*1,443	**1,737	3,799
Lone person	2,682	*2,135	*5,068	—	2,707
Group household	—	*2,328	**3,258	—	2,561
Other household	**1,800	2,518	*1,336	—	1,860
<b>All</b>	<b>2,858</b>	<b>3,069</b>	<b>2,059</b>	<b>**804</b>	<b>2,760</b>
<b>Rebated public rental households</b>					
One family: couple only	3,434	3,115	**1,814	**4,680	3,262
One family: couple with dependent children only	**1,872	3,249	*3,681	—	3,387
One family: other couple	**2,769	*3,096	*3,421	—	3,166
One parent with dependent children	4,449	5,069	*2,423	**2,634	4,602
Lone person	3,327	*2,880	**8,089	—	3,392
Group household	—	*2,328	**3,258	—	2,697
Other household	**1,800	*4,540	*3,301	—	3,867
<b>All</b>	<b>3,550</b>	<b>3,990</b>	<b>3,710</b>	<b>**3,325</b>	<b>3,698</b>

*Note:* Income quintiles are derived from Australia-wide population.

*Source:* Australian Housing Survey, 1999, confidentialised unit record files.



**Table A2.6: Annual average rental subsidy amount (\$) by age of household reference person by household income quintile, 1999**

Age of reference person (years)	Income quintile				Total
	1st	2nd	3rd	4th	
<b>All public renters</b>					
<25 years	3,179	*3,934	*2,660	—	3,344
25–34 years	3,618	3,306	2,093	**197	3,203
35–44	2,995	3,664	2,259	*1,112	2,924
45–64	3,032	2,532	2,086	*742	2,684
65+	2,384	2,318	*722	—	2,282
<b>All</b>	<b>2,858</b>	<b>3,069</b>	<b>2,059</b>	<b>804</b>	<b>2,760</b>
<b>Rebated public rental households</b>					
<25 years	3,242	*4,384	*3,197	—	3,598
25–34 years	4,273	4,322	*3,678	**520	4,212
35–44	3,734	4,375	*4,450	**3,162	4,055
45–64	3,617	3,607	*3,533	**4,680	3,618
65+	3,229	3,170	**2,104	—	3,194
<b>All</b>	<b>3,550</b>	<b>3,990</b>	<b>3,710</b>	<b>**3,325</b>	<b>3,698</b>

Note: Income quintiles are derived from Australia-wide population.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.1: Dwelling values, debt and housing costs, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All owners</b>						
Income (\$ pw)	200	440	780	1,200	2,240	1,050
Dwelling value (\$)	170,000	182,000	199,000	216,000	316,000	222,000
Mortgage debt (\$)	7,400	16,900	37,200	56,000	76,400	41,400
Housing costs (\$ pw)	44	69	122	156	209	126
Housing equity (%)	96	91	81	74	76	81
% all households <sup>(b)</sup>	62	64	66	75	83	70
<b>Outright owners</b>						
Income (\$ pw)	200	430	770	1,210	2,260	840
Dwelling value (\$)	170,000	193,000	237,000	242,000	341,000	225,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	31	38	51	51	77	46
Housing equity (%)	100	100	100	100	100	100
% all households <sup>(b)</sup>	54	47	32	29	31	39
<b>Home purchasers</b>						
Income (\$ pw)	190	470	790	1,200	2,230	1,320
Dwelling value (\$)	171,000	155,000	164,000	200,000	300,000	219,000
Mortgage debt (\$)	58,600	64,800	73,900	92,000	124,300	94,000
Housing costs (\$ pw)	134	160	192	224	295	228
Housing equity (%)	66	58	55	54	59	57
% all households <sup>(b)</sup>	8	17	34	46	51	31

(a) Income quintiles are derived from Australia-wide population, not just owners.

(b) Gives percentage share of each tenure in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.2: Tax benefits by household income and tenure, Australia, 1999**

	Income quintile					Total
	1st	2nd	3rd	4th	5th	
<b>All owners</b>						
Gross rent (\$ pa)	8,500	9,100	10,000	10,800	15,800	11,100
Interest (\$ pa)	500	1,100	2,500	3,700	5,000	2,700
Net rent less interest	6,200	5,500	3,600	2,700	4,900	4,500
Capital gains	5,100	5,500	6,000	6,500	9,500	6,700
Imputed rent tax <sup>(a)</sup>	—	1,100	700	1,000	2,400	1,600
Capital gains tax <sup>(b)</sup>	—	600	600	1,200	2,300	1,200
Total tax benefit	—	1,700	1,300	2,200	4,700	2,800
Benefit as % income	—	7	3	4	4	5
<b>Outright owners</b>						
Gross rent (\$ pa)	8,500	9,700	11,900	12,100	17,100	11,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,900	7,700	9,200	9,400	13,000	8,900
Capital gains	5,100	5,800	7,100	7,300	10,200	6,800
Imputed rent tax <sup>(a)</sup>	—	1,500	1,800	3,300	6,300	3,200
Capital gains tax <sup>(b)</sup>	—	600	700	1,300	2,500	1,200
Total tax benefit	—	2,100	2,500	4,600	8,800	4,400
Benefit as % income	—	9	6	7	7	10
<b>Home purchasers</b>						
Gross rent (\$ pa)	8,600	7,800	8,200	10,000	15,000	11,000
Interest (\$ pa)	3,900	4,300	4,900	6,100	8,200	6,200
Net rent less interest	1,600	-600	-1,800	-1,600	-300	-900
Capital gains	5,100	4,700	4,900	6,000	9,000	6,600
Imputed rent tax <sup>(a)</sup>	—	-100	-400	-600	-100	-300
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,200	1,200
Total tax benefit <sup>(c)</sup>	—	400	100	500	2,100	900
Benefit as % income	—	2	—	1	2	1
<b>Marginal tax rate<sup>(d)</sup></b>	—	0.200	0.200	0.355	0.485	0.355

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

(c) Weights tax expenditure for owners by proportion of owners in population.

(d) Estimated as marginal tax rate on half household income.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.3: Dwelling values, debt and housing costs, all owners by household income and age, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Income (\$ pw)	170	490	780	1,210	2,050	1,200
Dwelling value (\$)	131,000	141,000	146,000	183,000	249,000	185,000
Mortgage debt (\$)	49,000	58,000	74,000	95,000	129,000	92,000
Housing costs (\$ pw)	106	152	204	250	344	245
Housing equity (%)	62	59	49	48	48	50
% all owners <sup>(b)</sup>	3	9	17	18	15	13
<b>35–44 years</b>						
Income (\$ pw)	180	470	790	1,200	2,270	1,290
Dwelling value (\$)	153,000	164,000	170,000	210,000	321,000	226,000
Mortgage debt (\$)	44,000	44,000	52,000	68,000	98,000	69,000
Housing costs (\$ pw)	126	130	151	176	256	185
Housing equity (%)	71	73	70	67	69	69
% all owners <sup>(b)</sup>	6	15	26	33	28	22
<b>45–64 years</b>						
Income (\$ pw)	190	450	780	1,210	2,280	1,230
Dwelling value (\$)	160,000	174,000	225,000	227,000	325,000	242,000
Mortgage debt (\$)	10,000	12,000	23,000	37,000	55,000	33,000
Housing costs (\$ pw)	49	60	91	114	158	107
Housing equity (%)	94	93	90	84	83	86
% all owners <sup>(b)</sup>	28	31	39	40	53	39
<b>65+ years</b>						
Income (\$ pw)	210	410	770	1,170	2,200	480
Dwelling value (\$)	178,000	203,000	252,000	285,000	437,000	211,000
Mortgage debt (\$)	1,000	1,000	1,000	2,000	8,000	1,000
Housing costs (\$ pw)	32	37	52	49	80	39
Housing equity (%)	99	100	100	99	98	99
% all owners <sup>(b)</sup>	64	44	15	7	4	25

**Table A3.3 (continued): Dwelling values, debt and housing costs, all owners by household income and age, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All owners</b>						
Income (\$ pw)	200	440	780	1,200	2,240	1,050
Dwelling value (\$)	170,000	182,000	199,000	216,000	316,000	222,000
Mortgage debt (\$)	7,400	16,900	37,200	56,000	76,400	41,400
Housing costs (\$ pw)	44	69	122	156	209	126
Housing equity (%)	96	91	81	74	76	81
% all owners <sup>(b)</sup>	100	100	100	100	100	100
% all households <sup>(c)</sup>	62	64	66	75	83	70

(a) Income quintiles are derived from Australia-wide population, not just owners.

(b) Gives contribution to home ownership of each age group in relevant income category.

(c) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.4: Dwelling values, debt and housing costs, outright owners by household income and age, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Income (\$ pw)	187	463	788	1,228	2,044	1,018
Dwelling value (\$)	135,000	151,000	191,000	213,000	209,000	186,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	51	51	53	102	156	85
Housing equity (%)	100	100	100	100	100	100
% all outright owners <sup>(b)</sup>	1	3	4	6	4	3
<b>35–44 years</b>						
Income (\$ pw)	171	456	790	1,209	2,499	1,233
Dwelling value (\$)	156,000	164,000	187,000	237,000	339,000	234,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	52	47	60	54	116	69
Housing equity (%)	100	100	100	100	100	100
% all outright owners <sup>(b)</sup>	3	8	15	20	17	11
<b>45–64 years</b>						
Income (\$ pw)	187	442	768	1,216	2,233	1,078
Dwelling value (\$)	151,000	180,000	244,000	233,000	335,000	239,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	32	38	48	46	64	47
Housing equity (%)	100	100	100	100	100	100
% all outright owners <sup>(b)</sup>	26	32	51	56	69	43
<b>65+ years</b>						
Income (\$ pw)	209	409	766	1,176	2,089	470
Dwelling value (\$)	178,000	204,000	256,000	288,000	440,000	212,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	30	36	51	46	66	36
Housing equity (%)	100	100	100	100	100	100
% all outright owners <sup>(b)</sup>	70	57	29	18	10	42

**Table A3.4 (continued): Dwelling values, debt and housing costs, outright owners by household income and age, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All outright owners</b>						
Income (\$ pw)	200	430	770	1,210	2,260	840
Dwelling value (\$)	170,000	193,000	237,000	242,000	341,000	225,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	31	38	51	51	77	46
Housing equity (%)	100	100	100	100	100	100
% all outright owners <sup>(b)</sup>	100	100	100	100	100	100
% all household <sup>(c)</sup>	54	47	32	29	31	39

(a) Income quintiles are derived from Australia-wide population, not just outright owners.

(b) Gives contribution to home ownership of each age group in relevant income category.

(c) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.5: Dwelling values, debt and housing costs, purchasers by household income and age, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Income (\$ pw)	162	492	782	1,203	2,055	1,233
Dwelling value (\$)	129,000	138,000	139,000	179,000	253,000	185,000
Mortgage debt (\$)	82,000	76,000	84,000	108,000	142,000	107,000
Housing costs (\$ pw)	144	181	224	271	365	271
Housing equity (%)	31	44	40	39	44	41
% all purchasers <sup>(b)</sup>	12	26	30	26	22	25
<b>35–44 years</b>						
Income (\$ pw)	183	478	790	1,199	2,195	1,305
Dwelling value (\$)	151,000	165,000	164,000	201,000	315,000	223,000
Mortgage debt (\$)	81,000	73,000	73,000	90,000	129,000	96,000
Housing costs (\$ pw)	187	182	187	213	301	229
Housing equity (%)	46	56	55	55	59	57
% all purchasers <sup>(b)</sup>	25	34	37	42	34	36
<b>45–64 years</b>						
Income (\$ pw)	194	460	804	1,208	2,324	1,459
Dwelling value (\$)	198,000	156,000	193,000	220,000	315,000	247,000
Mortgage debt (\$)	55,000	52,000	65,000	82,000	111,000	87,000
Housing costs (\$ pw)	124	135	167	197	256	205
Housing equity (%)	71	66	65	62	64	64
% all purchasers <sup>(b)</sup>	41	29	29	30	43	34
<b>65+ years</b>						
Income (\$ pw)	218	418	781	1,099	3,648	598
Dwelling value (\$)	168,000	163,000	176,000	213,000	396,000	183,000
Mortgage debt (\$)	28,000	22,000	23,000	42,000	121,000	32,000
Housing costs (\$ pw)	86	71	83	130	259	94
Housing equity (%)	83	86	87	80	70	82
% all purchasers <sup>(b)</sup>	22	7	1	0	0	3



**Table A3.5 (continued): Dwelling values, debt and housing costs, purchasers by household income and age, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All purchasers</b>						
Income (\$ pw)	190	470	790	1,200	2,230	1,320
Dwelling value (\$)	171,000	155,000	164,000	200,000	300,000	219,000
Mortgage debt (\$)	58,600	64,800	73,900	92,000	124,300	94,000
Housing costs (\$ pw)	134	160	192	224	295	228
Housing equity (%)	66	58	55	54	59	57
% all purchasers <sup>(b)</sup>	100	100	100	100	100	100
% all households <sup>(c)</sup>	8	17	34	46	51	31

(a) Income quintiles are derived from Australia-wide population, not just purchasers.

(b) Gives contribution to home ownership of each age group in relevant income category.

(c) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.6: Tax benefits by household income and age, all owners, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Gross rent (\$ pa)	6,600	7,100	7,300	9,200	12,500	9,300
Interest (\$ pa)	3,200	3,800	4,900	6,300	8,500	6,100
Net rent less interest	1,100	–900	–3,300	–3,900	–5,400	–3,500
Capital gains	3,900	4,200	4,400	5,500	7,500	5,600
Imputed rent tax <sup>(a)</sup>	—	–200	–700	–1,400	–2,600	–1,200
Capital gains tax <sup>(b)</sup>	—	400	400	1,000	1,800	1,000
Total tax benefit	—	200	–300	–400	–800	–200
Benefit as % income	—	1	–1	–1	–1	—
<b>35–44 years</b>						
Gross rent (\$ pa)	7,700	8,200	8,500	10,500	16,100	11,300
Interest (\$ pa)	2,900	2,900	3,400	4,500	6,500	4,600
Net rent less interest	1,100	1,500	700	1,400	2,800	1,700
Capital gains	4,600	4,900	5,100	6,300	9,600	6,800
Imputed rent tax <sup>(a)</sup>	—	300	100	500	1,300	600
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,300	1,200
Total tax benefit	—	800	600	1,600	3,600	1,800
Benefit as % income	—	3	2	3	3	3
<b>45–64 years</b>						
Gross rent (\$ pa)	8,000	8,700	11,300	11,400	16,300	12,100
Interest (\$ pa)	700	800	1,500	2,400	3,600	2,200
Net rent less interest	5,400	5,600	6,500	5,400	8,100	6,500
Capital gains	4,800	5,200	6,800	6,800	9,800	7,300
Imputed rent tax <sup>(a)</sup>	—	1,100	1,300	1,900	3,900	2,300
Capital gains tax <sup>(b)</sup>	—	500	700	1,200	2,400	1,300
Total tax benefit	—	1,600	2,000	3,100	6,300	3,600
Benefit as % income	—	7	5	5	5	6
<b>65+ years</b>						
Gross rent (\$ pa)	8,900	10,200	12,600	14,300	21,900	10,600
Interest (\$ pa)	100	100	100	100	500	100
Net rent less interest	7,200	8,200	9,900	11,700	17,700	8,500
Capital gains	5,300	6,100	7,600	8,600	13,100	6,300
Imputed rent tax <sup>(a)</sup>	—	1,600	2,000	4,100	8,600	3,000
Capital gains tax <sup>(b)</sup>	—	600	800	1,500	3,200	1,100
Total tax benefit	—	2,200	2,800	5,600	11,800	4,100
Benefit as % income	—	11	7	9	10	17

**Table A3.6 (continued): Tax benefits by household income and age, all owners, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All households</b>						
Gross rent (\$ pa)	8,500	9,100	10,000	10,800	15,800	11,100
Interest (\$ pa)	500	1,100	2,500	3,700	5,000	2,700
Net rent less interest	6,200	5,500	3,600	2,700	4,900	4,500
Capital gains	5,100	5,500	6,000	6,500	9,500	6,700
Imputed rent tax <sup>(a)</sup>	—	1,100	700	1,000	2,400	1,600
Capital gains tax <sup>(b)</sup>	—	500	600	1,200	2,300	1,200
Total tax benefit	—	1,600	1,300	2,200	4,700	2,800
Benefit as % income	—	7	3	3	4	5

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.7: Tax benefits by household income and age, outright owners, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Gross rent (\$ pa)	6,800	7,600	9,600	10,700	10,500	9,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	4,100	4,900	6,800	5,300	2,300	4,900
Capital gains	4,100	4,500	5,700	6,400	6,300	5,600
Imputed rent tax <sup>(a)</sup>	—	1,000	1,400	1,900	1,100	1,700
Capital gains tax <sup>(b)</sup>	—	500	600	1,100	1,500	1,000
Total tax benefit	—	1,500	2,000	3,000	2,600	2,700
Benefit as % income	—	6	5	5	3	5
<b>35–44 years</b>						
Gross rent (\$ pa)	7,800	8,200	9,400	11,900	17,000	11,700
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	5,100	5,800	6,200	9,100	10,900	8,100
Capital gains	4,700	4,900	5,600	7,100	10,200	7,000
Imputed rent tax <sup>(a)</sup>	—	1,200	1,200	3,200	5,300	2,900
Capital gains tax <sup>(b)</sup>	—	500	600	1,300	2,500	1,200
Total tax benefit	—	1,700	1,800	4,500	7,800	4,100
Benefit as % income	—	7	4	7	6	6
<b>45–64 years</b>						
Gross rent (\$ pa)	7,600	9,000	12,200	11,700	16,800	12,000
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	5,900	7,000	9,700	9,200	13,400	9,500
Capital gains	4,500	5,400	7,300	7,000	10,100	7,200
Imputed rent tax <sup>(a)</sup>	—	1,400	1,900	3,300	6,500	3,400
Capital gains tax <sup>(b)</sup>	—	500	700	1,200	2,400	1,300
Total tax benefit	—	1,900	2,600	4,500	8,900	4,700
Benefit as % income	—	8	7	7	8	8
<b>65+ years</b>						
Gross rent (\$ pa)	8,900	10,200	12,800	14,400	22,000	10,600
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	7,400	8,300	10,200	12,000	18,600	8,700
Capital gains	5,300	6,100	7,700	8,600	13,200	6,400
Imputed rent tax <sup>(a)</sup>	—	1,700	2,000	4,300	9,000	3,100
Capital gains tax <sup>(b)</sup>	—	600	800	1,500	3,200	1,100
Total tax benefit	—	2,300	2,800	5,800	12,200	4,200
Benefit as % income	—	11	7	9	11	17

**Table A3.7 (continued): Tax benefits by household income and age, outright owners, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All outright owners</b>						
Gross rent (\$ pa)	8,500	9,700	11,900	12,100	17,100	11,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,900	7,700	9,200	9,400	13,000	8,900
Capital gains	5,100	5,800	7,100	7,300	10,200	6,800
Imputed rent tax <sup>(a)</sup>	—	1,500	1,800	3,400	6,300	3,100
Capital gains tax <sup>(b)</sup>	—	600	700	1,300	2,500	1,200
Total tax benefit	—	2,100	2,500	4,700	8,800	4,300
Benefit as % income	—	9	6	7	7	10

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.8: Tax benefits by household income and age, purchasers, Australia, 1999**

Age of reference person (years)	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>25–34 years</b>						
Gross rent (\$ pa)	6,500	6,900	7,000	9,000	12,700	9,300
Interest (\$ pa)	5,400	5,000	5,500	7,100	9,400	7,100
Net rent less interest	-1,000	-2,500	-4,700	-5,100	-6,300	-4,800
Capital gains	3,900	4,100	4,200	5,400	7,600	5,600
Imputed rent tax <sup>(a)</sup>	—	-500	-900	-1,800	-3,100	-1,700
Capital gains tax <sup>(b)</sup>	—	400	400	1,000	1,800	1,000
Total tax benefit	—	-100	-500	-800	-1,300	-700
Benefit as % income	—	—	-1	-1	-1	-1
<b>35–44 years</b>						
Gross rent (\$ pa)	7,600	8,300	8,200	10,100	15,800	11,200
Interest (\$ pa)	5,300	4,800	4,800	5,900	8,500	6,300
Net rent less interest	-2,200	-1,200	-1,500	-1,000	100	-800
Capital gains	4,500	5,000	4,900	6,000	9,500	6,700
Imputed rent tax <sup>(a)</sup>	—	-200	-300	-400	—	-300
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,300	1,200
Total tax benefit	—	300	200	700	2,300	900
Benefit as % income	—	1	—	1	2	1
<b>45–64 years</b>						
Gross rent (\$ pa)	9,900	7,800	9,700	11,000	15,800	12,400
Interest (\$ pa)	3,600	3,400	4,300	5,400	7,300	5,700
Net rent less interest	3,400	800	1,000	700	2,500	1,700
Capital gains	5,900	4,700	5,800	6,600	9,500	7,400
Imputed rent tax <sup>(a)</sup>	—	200	200	300	1,200	600
Capital gains tax <sup>(b)</sup>	—	500	600	1,200	2,300	1,300
Total tax benefit	—	700	800	1,500	3,500	1,900
Benefit as % income	—	3	2	2	3	3
<b>65+ years</b>						
Gross rent (\$ pa)	8,400	8,200	8,800	10,700	19,800	9,200
Interest (\$ pa)	1,800	1,500	1,500	2,800	8,000	2,100
Net rent less interest	3,900	4,500	4,500	3,900	6,400	4,300
Capital gains	5,000	4,900	5,300	6,400	11,900	5,500
Imputed rent tax <sup>(a)</sup>	—	900	900	1,400	3,100	1,500
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,900	1,000
Total tax benefit	—	1,400	1,400	2,500	6,000	2,500
Benefit as % income	—	6	3	4	3	8

**Table A3.8 (continued): Tax benefits by household income and age, purchasers, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All purchasers</b>						
Gross rent (\$ pa)	8,600	7,800	8,200	10,000	15,000	11,000
Interest (\$ pa)	3,900	4,300	4,900	6,100	8,200	6,200
Net rent less interest	1,600	-600	-1,800	-1,600	-300	-900
Capital gains	5,100	4,700	4,900	6,000	9,000	6,600
Imputed rent tax <sup>(a)</sup>	—	-100	-400	-600	-200	-300
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,200	1,200
Total tax benefit	—	400	100	500	2,000	900
Benefit as % income	—	1	—	1	2	1

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.9: Dwelling values, debt and housing costs, all owners by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Income (\$ pw)	190	440	780	1,210	2,360	1,130
Dwelling value (\$)	230,000	241,000	272,000	286,000	400,000	297,000
Mortgage debt (\$)	7,400	14,900	39,400	64,100	91,900	48,200
Housing costs (\$ pw)	46	67	129	176	232	139
Housing equity (%)	97	94	86	78	77	84
<b>Vic</b>						
Income (\$ pw)	210	440	780	1,210	2,200	1,070
Dwelling value (\$)	149,000	168,000	181,000	200,000	282,000	203,000
Mortgage debt (\$)	7,300	17,300	32,100	49,100	57,900	35,500
Housing costs (\$ pw)	42	68	115	132	185	115
Housing equity (%)	95	90	82	75	79	82
<b>Qld</b>						
Income (\$ pw)	200	430	780	1,200	2,090	960
Dwelling value (\$)	129,000	152,000	168,000	181,000	230,000	173,000
Mortgage debt (\$)	6,400	18,100	42,200	62,100	82,600	43,200
Housing costs (\$ pw)	45	82	134	170	217	131
Housing equity (%)	95	88	75	66	64	75
<b>WA</b>						
Income (\$ pw)	200	440	780	1,200	2,120	1,020
Dwelling value (\$)	155,000	165,000	184,000	197,000	304,000	206,000
Mortgage debt (\$)	12,400	20,400	36,200	55,000	74,100	42,400
Housing costs (\$ pw)	51	59	120	159	203	126
Housing equity (%)	92	88	80	72	76	79
<b>SA</b>						
Income (\$ pw)	200	440	780	1,200	2,240	920
Dwelling value (\$)	113,000	127,000	137,000	148,000	223,000	147,000
Mortgage debt (\$)	5,800	16,500	37,900	41,000	46,300	29,000
Housing costs (\$ pw)	35	64	109	124	165	97
Housing equity (%)	95	87	72	72	79	80
<b>Tas</b>						
Income (\$ pw)	200	450	780	1,190	2,060	820
Dwelling value (\$)	103,000	100,000	133,000	141,000	168,000	125,000
Mortgage debt (\$)	4,200	14,900	29,100	35,600	51,500	24,500
Housing costs (\$ pw)	41	66	95	124	166	92
Housing equity (%)	96	85	78	75	69	80



**Table A3.9 (continued): Dwelling values, debt and housing costs, all owners by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>ACT</b>						
Income (\$ pw)	210	430	790	1,230	2,240	1,300
Dwelling value (\$)	178,000	165,000	161,000	195,000	219,000	192,000
Mortgage debt (\$)	9,900	16,800	49,100	58,500	69,200	50,000
Housing costs (\$ pw)	40	66	139	182	210	156
Housing equity (%)	94	90	70	70	68	74
<b>NT</b>						
Income (\$ pw)	190	460	790	1,220	2,350	1,480
Dwelling value (\$)	219,000	198,000	176,000	200,000	249,000	218,000
Mortgage debt (\$)	15,800	53,800	32,500	82,100	103,500	75,200
Housing costs (\$ pw)	81	193	70	202	235	190
Housing equity (%)	93	73	82	59	58	65
<b>All owners</b>						
Income (\$ pw)	200	440	780	1,200	2,240	1,050
Dwelling value (\$)	170,000	182,000	199,000	216,000	316,000	222,000
Mortgage debt (\$)	7,400	16,900	37,200	56,000	76,400	41,400
Housing costs (\$ pw)	44	69	122	156	209	126
Housing equity (%)	96	91	81	74	76	81
% all households	62	64	66	75	83	70

(a) Income quintiles are derived from Australia-wide population, not just owners.

(b) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.10: Tax benefits by household income and state/territory, all owners, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Gross rent (\$ pa)	11,500	12,100	13,600	14,300	20,000	14,900
Interest (\$ pa)	500	1,000	2,600	4,200	6,100	3,200
Net rent less interest	9,100	8,600	6,900	5,100	7,900	7,600
Capital gains	6,900	7,200	8,200	8,600	12,000	8,900
Imputed rent tax <sup>(a)</sup>	—	1,700	1,400	1,800	3,800	2,700
Capital gains tax <sup>(b)</sup>	—	700	800	1,500	2,900	1,600
Total tax benefit	—	2,400	2,200	3,300	6,700	4,300
Benefit as % income	—	10	5	5	5	7
<b>Vic</b>						
Gross rent (\$ pa)	7,500	8,400	9,100	10,000	14,100	10,200
Interest (\$ pa)	500	1,100	2,100	3,200	3,800	2,300
Net rent less interest	5,300	4,800	3,100	3,100	4,500	4,200
Capital gains	4,500	5,000	5,400	6,000	8,500	6,100
Imputed rent tax <sup>(a)</sup>	—	1,000	600	1,100	2,200	1,500
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,100	1,100
Total tax benefit	—	1,500	1,100	2,200	4,300	2,600
Benefit as % income	—	7	3	3	4	5
<b>Qld</b>						
Gross rent (\$ pa)	6,500	7,600	8,400	9,100	11,500	8,700
Interest (\$ pa)	400	1,200	2,800	4,100	5,500	2,900
Net rent less interest	4,100	3,300	1,400	200	200	1,900
Capital gains	3,900	4,600	5,000	5,400	6,900	5,200
Imputed rent tax <sup>(a)</sup>	—	700	300	100	100	700
Capital gains tax <sup>(b)</sup>	—	500	500	1,000	1,700	900
Total tax benefit	—	1,200	800	1,100	1,800	1,600
Benefit as % income	—	5	2	2	2	3
<b>WA</b>						
Gross rent (\$ pa)	7,800	8,300	9,200	9,900	15,200	10,300
Interest (\$ pa)	800	1,300	2,400	3,600	4,900	2,800
Net rent less interest	5,100	5,200	3,000	1,600	4,600	3,700
Capital gains	4,700	5,000	5,500	5,900	9,100	6,200
Imputed rent tax <sup>(a)</sup>	—	1,000	600	600	2,200	1,300
Capital gains tax <sup>(b)</sup>	—	500	600	1,000	2,200	1,100
Total tax benefit	—	1,500	1,200	1,600	4,400	2,400
Benefit as % income	—	7	3	3	4	5

**Table A3.10 (continued): Tax benefits by household income and state/territory, all owners, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>SA</b>						
Gross rent (\$ pa)	5,700	6,400	6,900	7,400	11,200	7,400
Interest (\$ pa)	400	1,100	2,500	2,700	3,100	1,900
Net rent less interest	3,800	3,000	1,200	1,000	2,600	2,300
Capital gains	3,400	3,800	4,100	4,400	6,700	4,400
Imputed rent tax <sup>(a)</sup>	—	600	200	400	1,300	800
Capital gains tax <sup>(b)</sup>	—	400	400	800	1,600	800
Total tax benefit	—	1,000	600	1,200	2,900	1,600
Benefit as % income	—	4	1	2	2	3
<b>Tas</b>						
Gross rent (\$ pa)	5,200	5,000	6,700	7,100	8,400	6,300
Interest (\$ pa)	300	1,000	1,900	2,300	3,400	1,600
Net rent less interest	3,000	1,600	1,700	600	-200	1,500
Capital gains	3,100	3,000	4,000	4,200	5,000	3,800
Imputed rent tax <sup>(a)</sup>	—	300	300	200	-100	500
Capital gains tax <sup>(b)</sup>	—	300	400	700	1,200	700
Total tax benefit	—	600	700	900	1,100	1,200
Benefit as % income	—	3	2	1	1	3
<b>ACT</b>						
Gross rent (\$ pa)	8,900	8,300	8,100	9,800	11,000	9,600
Interest (\$ pa)	700	1,100	3,200	3,900	4,600	3,300
Net rent less interest	6,800	4,800	800	300	—	1,500
Capital gains	5,300	5,000	4,800	5,900	6,600	5,800
Imputed rent tax <sup>(a)</sup>	—	1,000	200	100	—	500
Capital gains tax <sup>(b)</sup>	—	500	500	1,000	1,600	1,000
Total tax benefit	—	1,500	700	1,100	1,600	1,500
Benefit as % income	—	7	2	2	1	2
<b>NT</b>						
Gross rent (\$ pa)	11,000	9,900	8,800	10,000	12,500	10,900
Interest (\$ pa)	1,000	3,600	2,100	5,400	6,800	5,000
Net rent less interest	6,800	-100	5,200	-500	200	1,000
Capital gains	6,600	5,900	5,300	6,000	7,500	6,500
Imputed rent tax <sup>(a)</sup>	—	—	1,000	-200	100	400
Capital gains tax <sup>(b)</sup>	—	600	500	1,100	1,800	1,200
Total tax benefit	—	600	1,500	900	1,900	1,600
Benefit as % income	—	3	4	1	2	2

**Table A3.10 (continued): Tax benefits by household income and state/territory, all owners, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All households</b>						
Gross rent (\$ pa)	8,500	9,100	10,000	10,800	15,800	11,100
Interest (\$ pa)	500	1,100	2,500	3,700	5,000	2,700
Net rent less interest	6,200	5,500	3,600	2,700	4,900	4,500
Capital gains	5,100	5,500	6,000	6,500	9,500	6,700
Imputed rent tax <sup>(a)</sup>	—	1,100	700	1,000	2,400	1,600
Capital gains tax <sup>(b)</sup>	—	500	600	1,200	2,300	1,200
Total tax benefit	—	1,600	1,300	2,200	4,700	2,800
Benefit as % income	—	7	3	3	4	5

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.11: Dwelling values, debt and housing costs, purchasers by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Income (\$ pw)	190	470	790	1,200	2,360	1,490
Dwelling value (\$)	256,000	195,000	209,000	264,000	384,000	296,000
Mortgage debt (\$)	80,400	71,500	86,000	109,600	150,300	117,300
Housing costs (\$ pw)	140	166	216	265	327	266
Housing equity (%)	69	63	59	59	61	60
<b>Vic</b>						
Income (\$ pw)	210	480	800	1,200	2,220	1,290
Dwelling value (\$)	145,000	155,000	155,000	190,000	285,000	205,000
Mortgage debt (\$)	48,800	65,500	67,800	86,000	106,000	83,600
Housing costs (\$ pw)	128	168	194	197	289	217
Housing equity (%)	66	58	56	55	63	59
<b>Qld</b>						
Income (\$ pw)	200	460	790	1,200	2,080	1,230
Dwelling value (\$)	123,000	146,000	158,000	168,000	214,000	174,000
Mortgage debt (\$)	48,100	62,800	78,000	91,400	118,000	90,600
Housing costs (\$ pw)	137	183	199	227	276	225
Housing equity (%)	61	57	51	46	45	48
<b>WA</b>						
Income (\$ pw)	150	470	780	1,190	2,090	1,240
Dwelling value (\$)	163,000	139,000	147,000	181,000	263,000	193,000
Mortgage debt (\$)	72,900	67,700	65,000	86,200	109,400	86,100
Housing costs (\$ pw)	157	124	170	216	268	210
Housing equity (%)	55	51	56	52	58	55
<b>SA</b>						
Income (\$ pw)	190	490	790	1,200	2,160	1,120
Dwelling value (\$)	138,000	115,000	127,000	141,000	209,000	147,000
Mortgage debt (\$)	44,200	53,600	65,400	66,800	79,700	65,800
Housing costs (\$ pw)	107	121	160	176	243	173
Housing equity (%)	68	53	48	53	62	55
<b>Tas</b>						
Income (\$ pw)	220	500	780	1,200	1,980	1,030
Dwelling value (\$)	101,000	90,000	121,000	136,000	156,000	124,000
Mortgage debt (\$)	26,500	47,000	55,700	63,700	78,600	58,400
Housing costs (\$ pw)	127	139	145	185	216	167
Housing equity (%)	74	48	54	53	50	53

**Table A3.11 (continued): Dwelling values, debt and housing costs, purchasers by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>ACT</b>						
Income (\$ pw)	210	480	790	1,240	2,250	1,480
Dwelling value (\$)	202,000	140,000	143,000	182,000	206,000	182,000
Mortgage debt (\$)	54,500	65,600	79,300	90,000	109,600	93,100
Housing costs (\$ pw)	95	141	199	241	292	243
Housing equity (%)	73	53	45	51	47	49
<b>NT</b>						
Income (\$ pw)	180	490	780	1,230	2,360	1,620
Dwelling value (\$)	400,000	216,000	140,000	181,000	246,000	215,000
Mortgage debt (\$)	59,100	92,400	66,000	108,300	142,200	116,100
Housing costs (\$ pw)	212	293	107	220	290	251
Housing equity (%)	85	57	53	40	42	46
<b>All purchasers</b>						
Income (\$ pw)	190	470	790	1,200	2,230	1,320
Dwelling value (\$)	171,000	155,000	164,000	200,000	300,000	219,000
Mortgage debt (\$)	58,600	64,800	73,900	92,000	124,300	94,000
Housing costs (\$ pw)	134	160	192	224	295	228
Housing equity (%)	66	58	55	54	59	57
% all households	8	17	34	46	51	31

(a) Income quintiles are derived from Australia-wide population, not just purchasers.

(b) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.12: Tax benefits by household income and state/territory, purchasers, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Gross rent (\$ pa)	12,800	9,800	10,500	13,200	19,200	14,800
Interest (\$ pa)	5,300	4,700	5,700	7,200	9,900	7,700
Net rent less interest	5,500	1,100	-800	-600	2,200	1,000
Capital gains	7,700	5,900	6,300	7,900	11,500	8,900
Imputed rent tax <sup>(a)</sup>	—	200	-200	-200	1,100	400
Capital gains tax <sup>(b)</sup>	—	600	600	1,400	2,800	1,600
Total tax benefit	—	800	400	1,200	3,900	2,000
Benefit as % income	—	3	1	2	3	3
<b>Vic</b>						
Gross rent (\$ pa)	7,300	7,800	7,800	9,500	14,300	10,300
Interest (\$ pa)	3,200	4,300	4,500	5,700	7,000	5,500
Net rent less interest	600	-1,000	-2,400	-700	-800	-1,000
Capital gains	4,400	4,700	4,700	5,700	8,600	6,200
Imputed rent tax <sup>(a)</sup>	—	-200	-500	-200	-400	-400
Capital gains tax <sup>(b)</sup>	—	500	500	1,000	2,100	1,100
Total tax benefit	—	300	—	800	1,700	700
Benefit as % income	—	1	—	1	1	1
<b>Qld</b>						
Gross rent (\$ pa)	6,200	7,300	7,900	8,400	10,700	8,700
Interest (\$ pa)	3,200	4,100	5,100	6,000	7,800	6,000
Net rent less interest	-1,000	-2,200	-2,500	-3,400	-3,600	-3,000
Capital gains	3,700	4,400	4,700	5,000	6,400	5,200
Imputed rent tax <sup>(a)</sup>	—	-400	-500	-1,200	-1,700	-1,100
Capital gains tax <sup>(b)</sup>	—	400	500	900	1,600	900
Total tax benefit	—	—	—	-300	-100	-200
Benefit as % income	—	—	—	—	—	—
<b>WA</b>						
Gross rent (\$ pa)	8,200	7,000	7,400	9,100	13,200	9,700
Interest (\$ pa)	4,800	4,500	4,300	5,700	7,200	5,700
Net rent less interest	—	500	-1,500	-2,200	-800	-1,300
Capital gains	4,900	4,200	4,400	5,400	7,900	5,800
Imputed rent tax <sup>(a)</sup>	—	100	-300	-800	-400	-500
Capital gains tax <sup>(b)</sup>	—	400	400	1,000	1,900	1,000
Total tax benefit	—	500	100	200	1,500	500
Benefit as % income	—	2	—	—	1	1

**Table A3.12 (continued): Tax benefits by household income and state/territory, purchasers, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>SA</b>						
Gross rent (\$ pa)	6,900	5,800	6,400	7,100	10,500	7,400
Interest (\$ pa)	2,900	3,500	4,300	4,400	5,300	4,300
Net rent less interest	1,400	-500	-2,000	-2,100	-2,200	-1,600
Capital gains	4,100	3,500	3,800	4,200	6,300	4,400
Imputed rent tax <sup>(a)</sup>	—	-100	-400	-700	-1,100	-600
Capital gains tax <sup>(b)</sup>	—	400	400	700	1,500	800
Total tax benefit	—	300	—	—	400	200
Benefit as % income	—	1	—	—	—	—
<b>Tas</b>						
Gross rent (\$ pa)	5,100	4,500	6,100	6,800	7,800	6,200
Interest (\$ pa)	1,700	3,100	3,700	4,200	5,200	3,900
Net rent less interest	-1,600	-2,700	-1,500	-2,800	-3,500	-2,500
Capital gains	3,000	2,700	3,600	4,100	4,700	3,700
Imputed rent tax <sup>(a)</sup>	—	-500	-300	-1,000	-1,700	-900
Capital gains tax <sup>(b)</sup>	—	300	400	700	1,100	700
Total tax benefit	—	-200	100	-300	-600	-200
Benefit as % income	—	-1	—	—	-1	—
<b>ACT</b>						
Gross rent (\$ pa)	10,100	7,000	7,200	9,100	10,300	9,100
Interest (\$ pa)	3,600	4,300	5,200	5,900	7,200	6,100
Net rent less interest	5,100	-300	-3,200	-3,400	-4,900	-3,500
Capital gains	6,100	4,200	4,300	5,500	6,200	5,500
Imputed rent tax <sup>(a)</sup>	—	-100	-600	-1,200	-2,400	-1,200
Capital gains tax <sup>(b)</sup>	—	400	400	1,000	1,500	1,000
Total tax benefit	—	300	-200	-200	-900	-200
Benefit as % income	—	1	—	—	-1	—
<b>NT</b>						
Gross rent (\$ pa)	20,000	10,800	7,000	9,100	12,300	10,800
Interest (\$ pa)	3,900	6,100	4,400	7,100	9,400	7,700
Net rent less interest	9,000	-4,400	1,400	-2,400	-2,800	-2,300
Capital gains	12,000	6,500	4,200	5,400	7,400	6,500
Imputed rent tax <sup>(a)</sup>	—	-900	300	-900	-1,400	-800
Capital gains tax <sup>(b)</sup>	—	700	400	1,000	1,800	1,200
Total tax benefit	—	-200	700	100	400	400
Benefit as % income	—	-1	2	—	—	—



**Table A3.12 (continued): Tax benefits by household income and state/territory, purchasers, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All purchasers</b>						
Gross rent (\$ pa)	8,600	7,800	8,200	10,000	15,000	11,000
Interest (\$ pa)	3,900	4,300	4,900	6,100	8,200	6,200
Net rent less interest	1,600	-600	-1,800	-1,600	-300	-900
Capital gains	5,100	4,700	4,900	6,000	9,000	6,600
Imputed rent tax <sup>(a)</sup>	—	-100	-400	-600	-200	-300
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,200	1,200
Total tax benefit	—	400	100	500	2,000	900
Benefit as % income	—	1	—	1	2	1

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.13: Dwelling values, debt and housing costs, outright owners by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Income (\$ pw)	190	430	770	1,210	2,360	870
Dwelling value (\$)	228,000	254,000	329,000	318,000	426,000	298,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	37	41	56	55	91	53
Housing equity (%)	100	100	100	100	100	100
<b>Vic</b>						
Income (\$ pw)	210	430	780	1,210	2,180	900
Dwelling value (\$)	150,000	173,000	205,000	215,000	279,000	201,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	27	32	44	46	64	41
Housing equity (%)	100	100	100	100	100	100
<b>Qld</b>						
Income (\$ pw)	200	410	760	1,180	2,120	700
Dwelling value (\$)	129,000	155,000	181,000	210,000	270,000	172,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	31	41	59	49	82	46
Housing equity (%)	100	100	100	100	100	100
<b>SA</b>						
Income (\$ pw)	200	420	770	1,200	2,360	760
Dwelling value (\$)	109,000	133,000	152,000	162,000	242,000	146,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	23	39	39	39	57	36
Housing equity (%)	100	100	100	100	100	100
<b>WA</b>						
Income (\$ pw)	210	430	780	1,230	2,200	810
Dwelling value (\$)	153,000	177,000	236,000	226,000	396,000	219,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	30	32	59	53	67	44
Housing equity (%)	100	100	100	100	100	100
<b>Tas</b>						
Income (\$ pw)	200	430	770	1,190	2,210	670
Dwelling value (\$)	104,000	104,000	146,000	149,000	189,000	125,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	26	32	41	48	70	37
Housing equity (%)	100	100	100	100	100	100

**Table A3.13 (continued): Dwelling values, debt and housing costs, outright owners by household income and state/territory, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NT</b>						
Income (\$ pw)	180	490	780	1,230	2,360	1,620
Dwelling value (\$)	400,000	216,000	140,000	181,000	246,000	215,000
Mortgage debt (\$)	59,100	92,400	66,000	108,300	142,200	116,100
Housing costs (\$ pw)	212	293	107	220	290	251
Housing equity (%)	85	57	53	40	42	46
<b>ACT</b>						
Income (\$ pw)	210	420	800	1,220	2,210	1,070
Dwelling value (\$)	173,000	174,000	191,000	220,000	244,000	204,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	29	38	42	76	53	49
Housing equity (%)	100	100	100	100	100	100
<b>All outright owners</b>						
Income (\$ pw)	200	430	770	1,210	2,260	840
Dwelling value (\$)	170,000	193,000	237,000	242,000	341,000	225,000
Mortgage debt (\$)	—	—	—	—	—	—
Housing costs (\$ pw)	31	38	51	51	77	46
Housing equity (%)	100	100	100	100	100	100
% all households	54	47	32	29	31	39

(a) Income quintiles are derived from Australia-wide population, not just outright owners.

(b) Gives proportion of owners in relevant income category.

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A3.14: Tax benefits by household income and state/territory, outright owners, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>NSW</b>						
Gross rent (\$ pa)	11,400	12,700	16,500	15,900	21,300	14,900
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	9,500	10,500	13,500	13,000	16,600	12,100
Capital gains	6,800	7,600	9,900	9,500	12,800	8,900
Imputed rent tax <sup>(a)</sup>	—	2,100	2,700	4,600	8,100	4,300
Capital gains tax <sup>(b)</sup>	—	800	1,000	1,700	3,100	1,600
Total tax benefit	—	2,900	3,700	6,300	11,200	5,900
Benefit as % income	—	13	9	10	9	13
<b>Vic</b>						
Gross rent (\$ pa)	7,500	8,700	10,300	10,800	14,000	10,100
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,100	7,000	8,000	8,300	10,600	7,900
Capital gains	4,500	5,200	6,200	6,500	8,400	6,000
Imputed rent tax <sup>(a)</sup>	—	1,400	1,600	2,900	5,100	2,800
Capital gains tax <sup>(b)</sup>	—	500	600	1,200	2,000	1,100
Total tax benefit	—	1,900	2,200	4,100	7,100	3,900
Benefit as % income	—	8	5	7	6	8
<b>Qld</b>						
Gross rent (\$ pa)	6,500	7,800	9,100	10,500	13,500	8,600
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	4,800	5,600	6,000	7,900	9,200	6,200
Capital gains	3,900	4,700	5,400	6,300	8,100	5,200
Imputed rent tax <sup>(a)</sup>	—	1,100	1,200	2,800	4,500	2,200
Capital gains tax <sup>(b)</sup>	—	500	500	1,100	2,000	900
Total tax benefit	—	1,600	1,700	3,900	6,500	3,100
Benefit as % income	—	8	4	6	6	9
<b>SA</b>						
Gross rent (\$ pa)	5,500	6,700	7,600	8,100	12,100	7,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	4,200	4,600	5,600	6,100	9,200	5,400
Capital gains	3,300	4,000	4,600	4,900	7,300	4,400
Imputed rent tax <sup>(a)</sup>	—	900	1,100	2,200	4,500	1,900
Capital gains tax <sup>(b)</sup>	—	400	500	900	1,800	800
Total tax benefit	—	1,300	1,600	3,100	6,300	2,700
Benefit as % income	—	6	4	5	5	7

**Table A3.14 (continued): Tax benefits by household income and state/territory, outright owners, Australia, 1999**

State/territory	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>WA</b>						
Gross rent (\$ pa)	7,700	8,900	11,800	11,300	19,800	11,000
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,100	7,200	8,800	8,500	16,300	8,600
Capital gains	4,600	5,300	7,100	6,800	11,900	6,600
Imputed rent tax <sup>(a)</sup>	—	1,400	1,800	3,000	7,900	3,100
Capital gains tax <sup>(b)</sup>	—	500	700	1,200	2,900	1,200
Total tax benefit	—	1,900	2,500	4,200	10,800	4,300
Benefit as % income	—	8	6	7	9	10
<b>Tas</b>						
Gross rent (\$ pa)	5,200	5,200	7,300	7,500	9,500	6,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	3,800	3,500	5,200	5,000	5,800	4,300
Capital gains	3,100	3,100	4,400	4,500	5,700	3,800
Imputed rent tax <sup>(a)</sup>	—	700	1,000	1,800	2,800	1,500
Capital gains tax <sup>(b)</sup>	—	300	400	800	1,400	700
Total tax benefit	—	1,000	1,400	2,600	4,200	2,200
Benefit as % income	—	4	3	4	4	6
<b>NT</b>						
Gross rent (\$ pa)	7,300	8,500	10,600	13,200	12,800	11,100
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,200	4,700	8,300	5,600	8,700	7,200
Capital gains	4,400	5,100	6,300	7,900	7,700	6,700
Imputed rent tax <sup>(a)</sup>	—	900	1,700	2,000	4,200	2,600
Capital gains tax <sup>(b)</sup>	—	500	600	1,400	1,900	1,200
Total tax benefit	—	1,400	2,300	3,400	6,100	3,800
Benefit as % income	—	7	6	5	5	6
<b>ACT</b>						
Gross rent (\$ pa)	8,700	8,700	9,600	11,000	12,200	10,200
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	7,100	6,700	7,400	7,000	9,400	7,700
Capital gains	5,200	5,200	5,700	6,600	7,300	6,100
Imputed rent tax <sup>(a)</sup>	—	1,300	1,500	2,500	4,600	2,700
Capital gains tax <sup>(b)</sup>	—	500	600	1,200	1,800	1,100
Total tax benefit	—	1,800	2,100	3,700	6,400	3,800
Benefit as % income	—	8	5	6	6	7

**Table A3.14 (continued): Tax benefits by household income and state/territory, outright owners, Australia, 1999**

	Income quintile <sup>(a)</sup>					Total
	1st	2nd	3rd	4th	5th	
<b>All outright owners</b>						
Gross rent (\$ pa)	8,500	9,700	11,900	12,100	17,100	11,300
Interest (\$ pa)	—	—	—	—	—	—
Net rent less interest	6,900	7,700	9,200	9,400	13,000	8,900
Capital gains	5,100	5,800	7,100	7,300	10,200	6,800
Imputed rent tax <sup>(a)</sup>	—	1,500	1,800	3,400	6,300	3,100
Capital gains tax <sup>(b)</sup>	—	600	700	1,300	2,500	1,200
Total tax benefit	—	2,100	2,500	4,700	8,800	4,300
Benefit as % income	—	9	6	7	7	10

(a) Tax benefit based on marginal tax rate of half household income applied to non-taxed income.

(b) Tax benefit based on half of marginal tax rate applied to non-taxed gains (discount method).

Source: Australian Housing Survey, 1999, confidentialised unit record files.

**Table A4.1: Total government assistance by assistance type (\$ billion), 2001-02**

	<b>Total government assistance</b>
Direct—CRA benefits for private renters	1.8
Direct—public rental rebate	1.4
Direct—FHOG for first home buyers	1
Indirect—tax benefits through CGT exemption for home owners	13
Indirect—tax benefits through imputed rent for home owners	8

Sources: Yates 2002b, SCRCSSP 2002.

**Table A4.2: Average dollar amount (\$) of government assistance by assistance type, 2001-02**

	<b>Per household in the tenure group</b>	<b>Per recipient household</b>
Direct—CRA benefits for private renters	1,224	2,483
Direct—public rental subsidy	3,817	4,146
Direct—FHOG for first home buyers	200	7,000
Indirect—tax benefits for home owners	4,200	—

Note: the population data used to work out average benefit for public housing and private renter households are obtained from the 2001 census.

Source: <http://www.abs.gov.au/ausstats/abscensus2.nsf>

**Table A4.3: Distribution of government assistance in income quintile by assistance type, 1999**

	CRA benefits for private renters	Public rental rebate	FHOG for first home buyers	tax benefits for purchasers	tax benefits for outright home owners
1st	34.5	57.3	6.4	0.0	0.0
2nd	42.6	33.1	12.2	16.9	4.9
3rd	18.2	8.8	31.9	13.8	2.4
4th	4.0	0.8	31.1	22.5	16.3
5th	0.6	0.0	18.4	46.8	76.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Notes:*

1. Since the FHOG was only introduced in 2000, the figures shown here are the estimate of what would have been the distribution of this benefit had the scheme in 2000 been in place in 1999.
2. Income quintiles are derived from Australia-wide population.

*Source:* Australian Housing survey, 1999.

**Table A4.4: Distribution of government assistance in state/territory by assistance type, 1999**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
CRA benefits for private renters	2.6	3.9	10.6	3.9	7.6	11.8	0.6	2.6	4.3
Public rental rebate	5.7	3.7	7.9	9.1	10.5	10.1	42.0	20.3	6.4
Tax benefits for home owners	91.6	92.5	81.4	87.0	81.9	78.1	57.4	77.1	89.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source:* Australian Housing Survey, 1999.