

*Response to questions
taken on notice by CPSA,
received 12 September
2012.*

The question I took on notice was about CPSA's views on the Henry Tax Review's response to allowances (page 15 of the document).

In particular CPSA supports the Review's recommendation of establishing adequacy benchmarks for transfer payments as well as the recommendation for fairer and less complicated means testing. Current means testing for allowances are much less generous than for pensions and there is no eligibility for part-allowances if someone is slightly over the asset threshold. The assets test for pensions is tapered so if someone is over the asset limit for a full-rate pension yet still below a set maximum they can be eligible for a part-pension. The liquid asset test in particular disadvantages people with modest savings and the waiting period forces them to dwindle down any safety-net they may have accrued for unforeseen emergencies.

Importantly, CPSA supports the proposal of the Review that relativities between pensions and allowances be maintained (after a substantial rise to allowances), something that we are not seeing at the moment, with allowances consistently dropping back in relative terms to pensions. The latest increases to pensions and allowances, coming into effect on 20 September exemplify this - single pensioners are set to receive an increase of \$8.55 per week, single Newstart recipients will receive \$1.45 - increasing the gap between the two payments from \$133 to \$140 per week. Allowances need to be raised by at least \$50 per week and indexation differences need to be addressed so that the gap between pensions and allowances do not continue to grow.

CPSA supports the Review's stance on Rent Assistance; that this should be increased and indexed to market rents so that assistance is enough to support access to an adequate level of housing. Recipients of Rent Assistance have similar needs to public housing tenants, yet the rationing of access to public housing due to insufficient funding means that there are poorer outcomes for private tenants who cannot get into the public housing system.