



Australian Government
Department of Social Services

Ms Zoe Coombe
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Dear Ms Coombe

Thank you for your emails of 3 and 4 July 2017 to the Department of Human Services regarding Commonwealth Rent Assistance (CRA). Your emails were forwarded to the Department of Social Services as responsibility for CRA data and policy is managed by this Department.

You have asked how the minimum CRA cut in points, or thresholds, are set and why; and, why CRA thresholds change, with different rates for different household types.

As you may know, CRA is a supplementary payment paid with an income support payment, ABSTUDY, Family Tax Benefit Part A, or a Veteran's service pension or Income Support Supplement. To receive CRA, a person must pay or be liable to pay private rent above the applicable rent threshold, for their usual home. CRA is paid at the rate of 75 cents for each dollar above the rent threshold up to a maximum rate applicable to their family situation.

Rent thresholds and the minimum rates of CRA vary according to the individual's or family's circumstances (single, couple, how many children, if any, and for single people, whether they are sharing accommodation, etc.) and are indexed to increases in the Consumer Price Index (CPI) in March and September.

By way of background, rent thresholds were set at approximately 20 per cent of the basic pension rate when the CRA program was first developed back in the 1990s. However, over the years there have been some changes to the indexation arrangements for pensions and allowances. For example, pensions are indexed in line with Male Average Total Weekly Earnings (MTAWE) and Pensioner and Beneficiary Living Cost Index (PBLCI) while allowances like Newstart and Youth Allowance are indexed to CPI. Because of these changes along with ad hoc increases to pensions, the proportions between rent thresholds for CRA and pensions have changed over time.

As stated before, CRA maximum rates and thresholds are adjusted in line with the CPI twice a year, but some rounding rules are applied, which means that the actual adjustments are not exactly equal to the change in CPI. The different rounding rules applying to indexation can be found in Section 1191 of the *Social Security Act 1991* (Chapter 3, Part 3.16, Division 2).

I hope the above information is of assistance.

Yours sincerely

Sidesh Naikar
Branch Manager
Housing Policy Branch

18 July 2017