

Accommodation Supplement: The Wrong Tool to Fix the House



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“You’re constantly in a state of emergency, it’s not like you’re never not in an emergency... **I really don’t understand why the base amount of the benefit isn’t enough to live on.** They really should raise the base amount so it’s enough to live on. **And then all those extra bits can be there if you need them.”**



Tim Danko, single parent with lived experience of receiving a benefit

*Image: Sam Orchard
From Welfare Fit for Families Episode 4: “Not Enough”
CPAG/ We Are Beneficiaries*

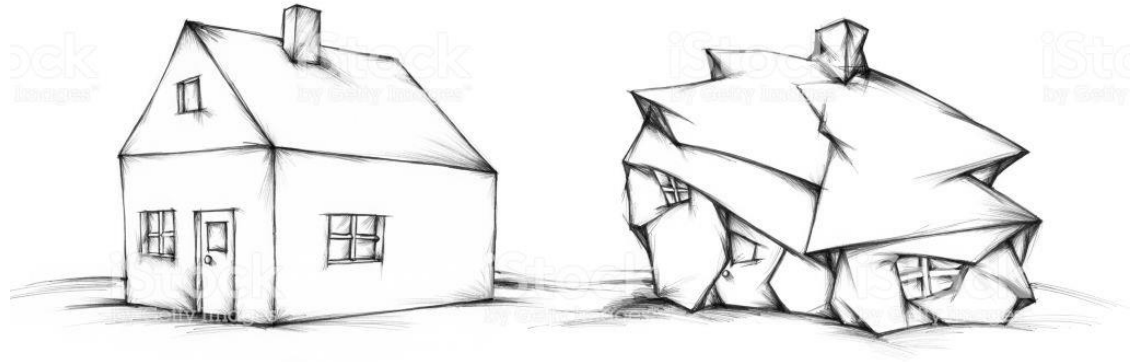
“Officials consider that the existing housing subsidy structure [IRRS, AS, TAS] is **not fit-for-purpose**.

AS does not adequately alleviate housing stress...

We think that a more ambitious welfare package could include a significant review of the Accommodation Supplement, with a view to at least simplifying its structure and improving targeting of payments, or perhaps **reconsidering it altogether.**”



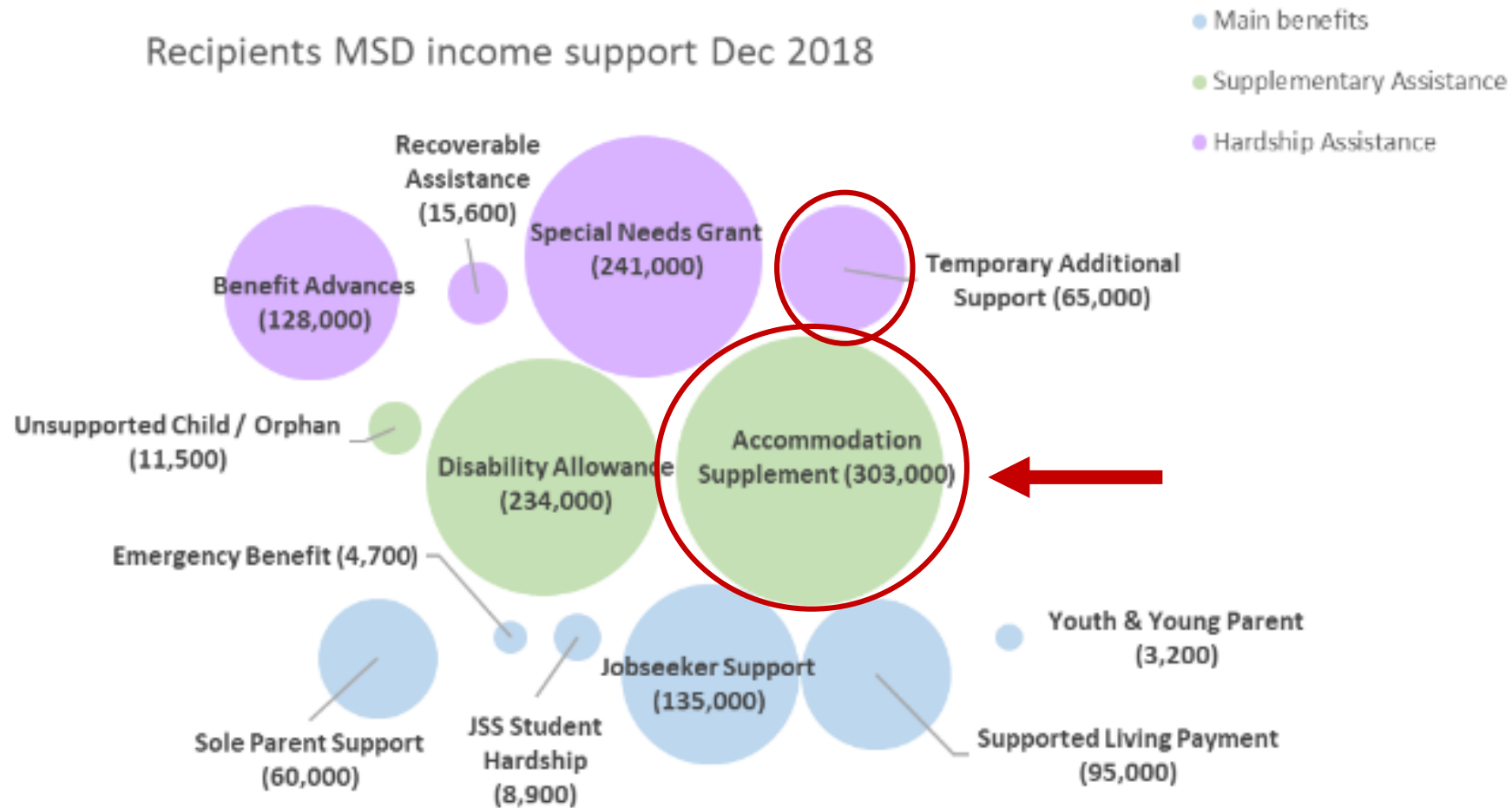
Treasury advice
to Minister of Finance
2016



Today:

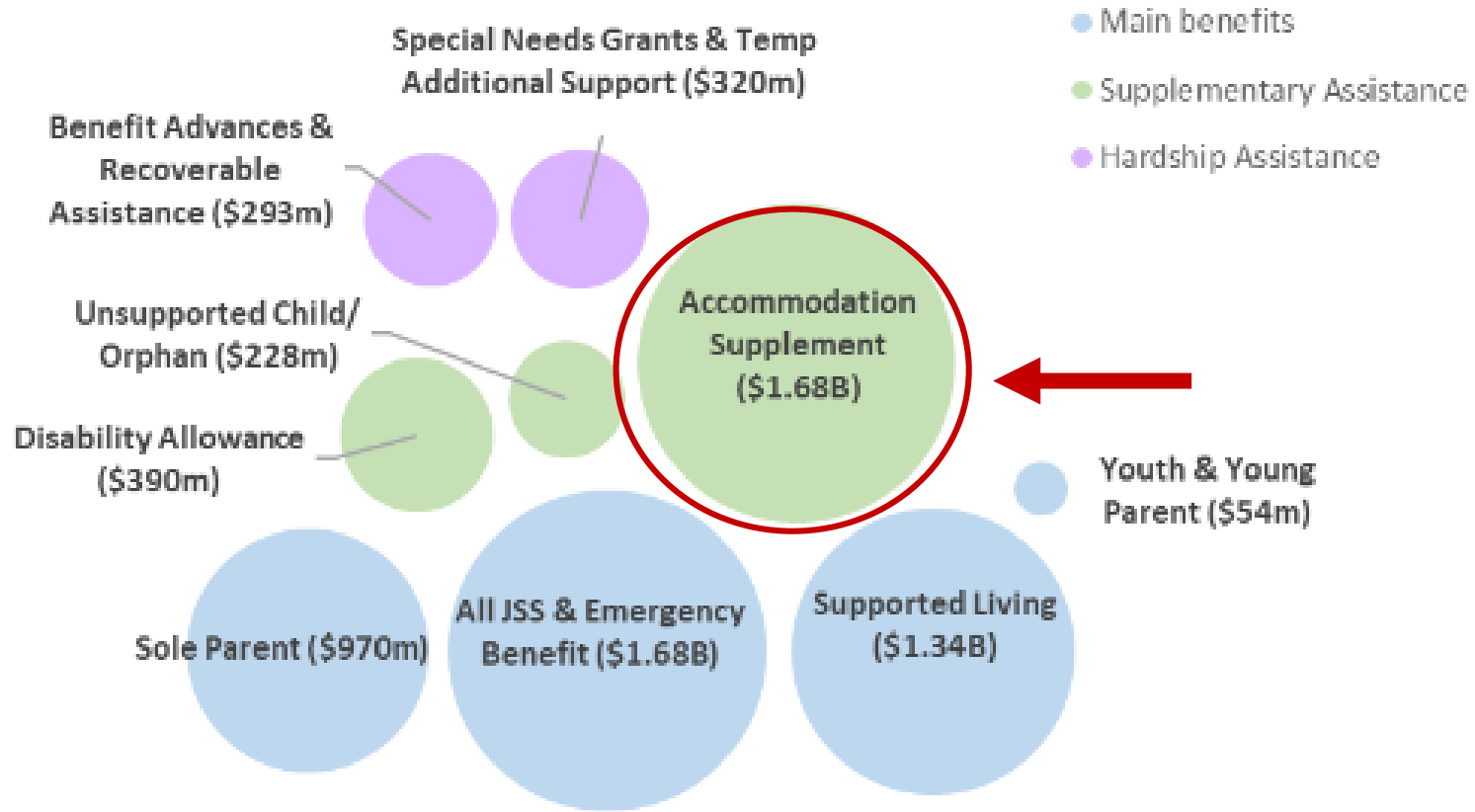
- What is the AS
- What's wrong with it
- What does CPAG want instead (with *one* option detailed)
- What's different between CPAG's proposal and WEAG's

Recipients MSD income support Dec 2018

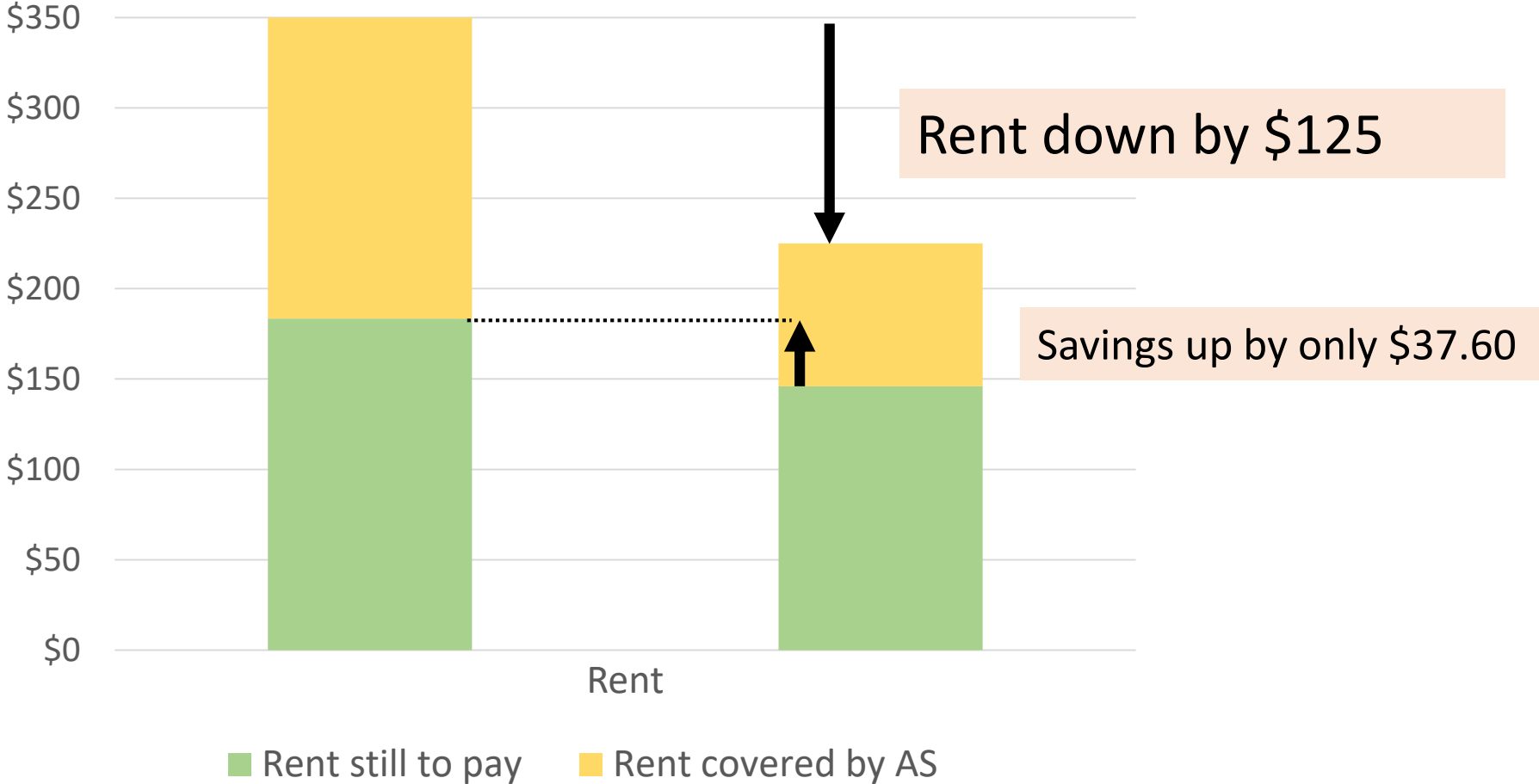


Source: Whakamana Tāngata (WEAG report) p17

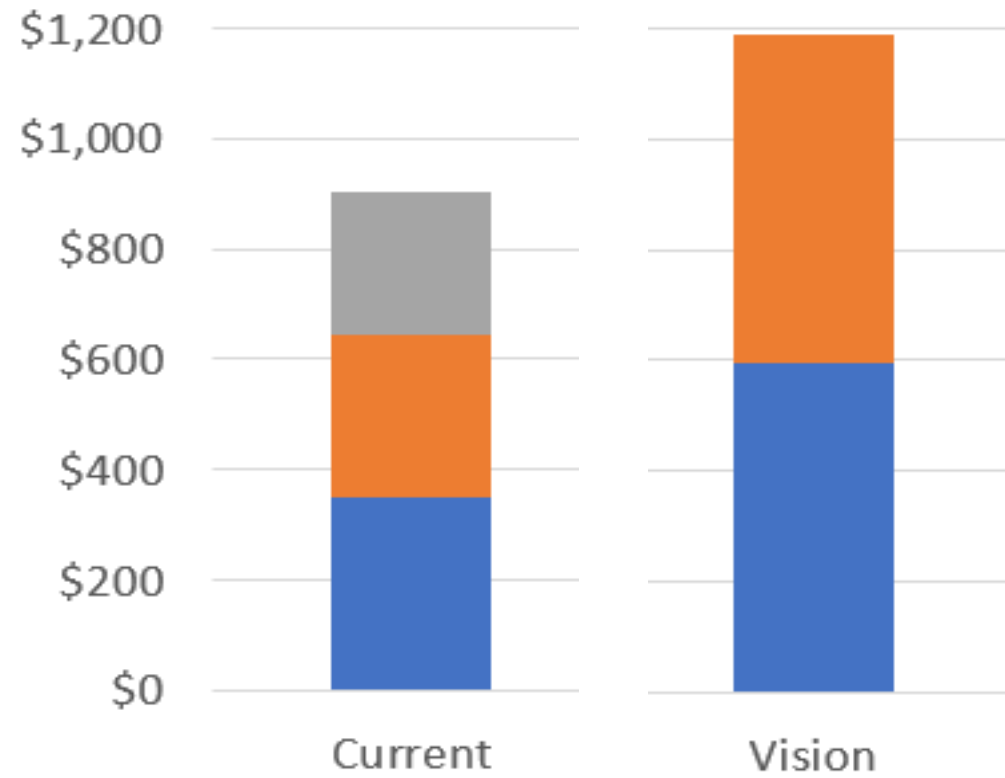
Net Expenditure MSD income support 2018-19 (est)



Big AS Problem: It lowers your control over how to spend your money

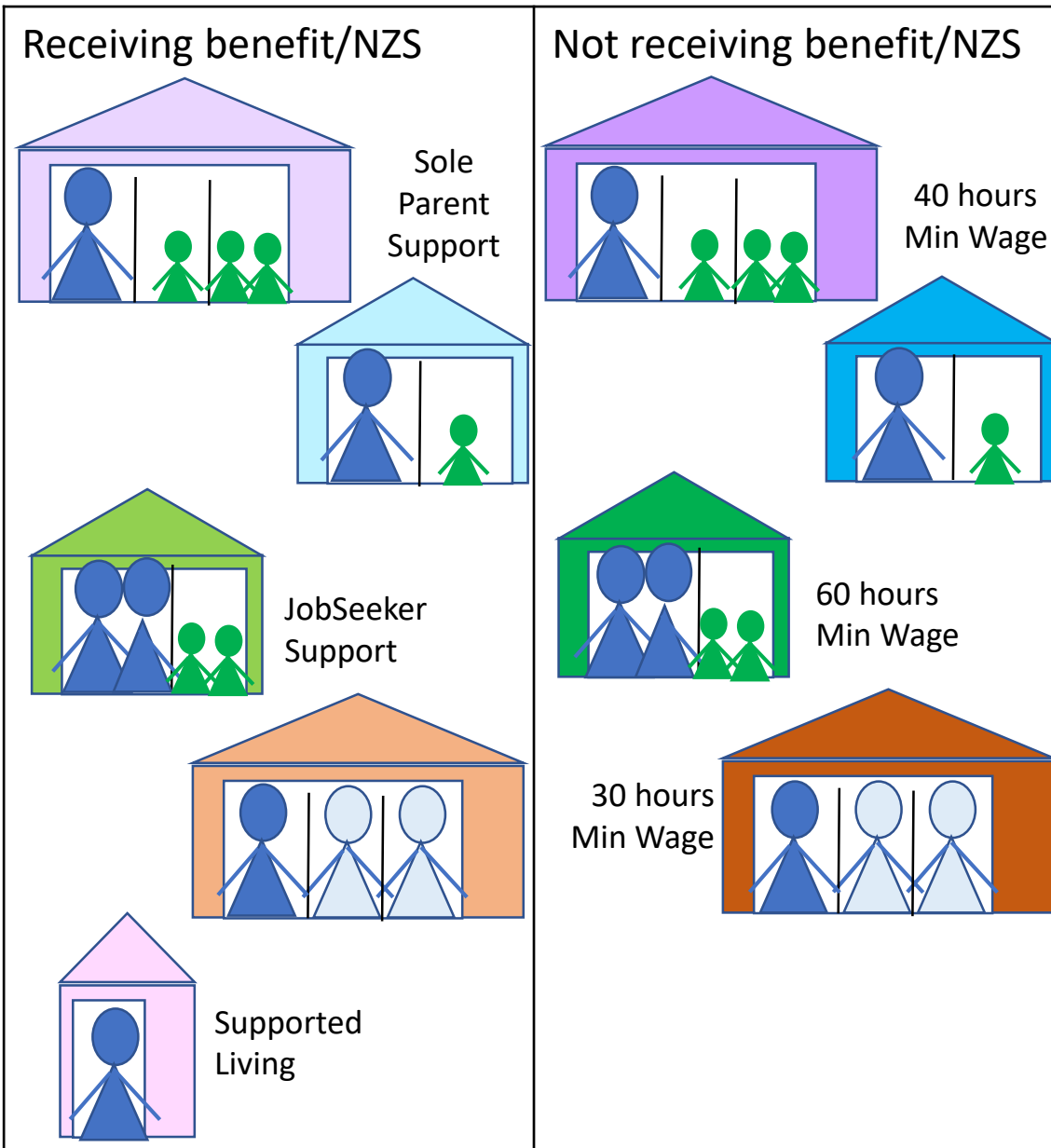


Sole Parent , 1 child,
Area 1, no abatement




- Accommodation Supplement
- Working for Families
- Benefit (Wages)

*BHC income
Sole Parent Support
3 children, Area 1*



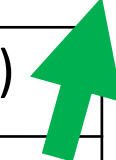


**Example
Low Income
Families/
Households
Paying ~lower-quartile rent**

Aims:

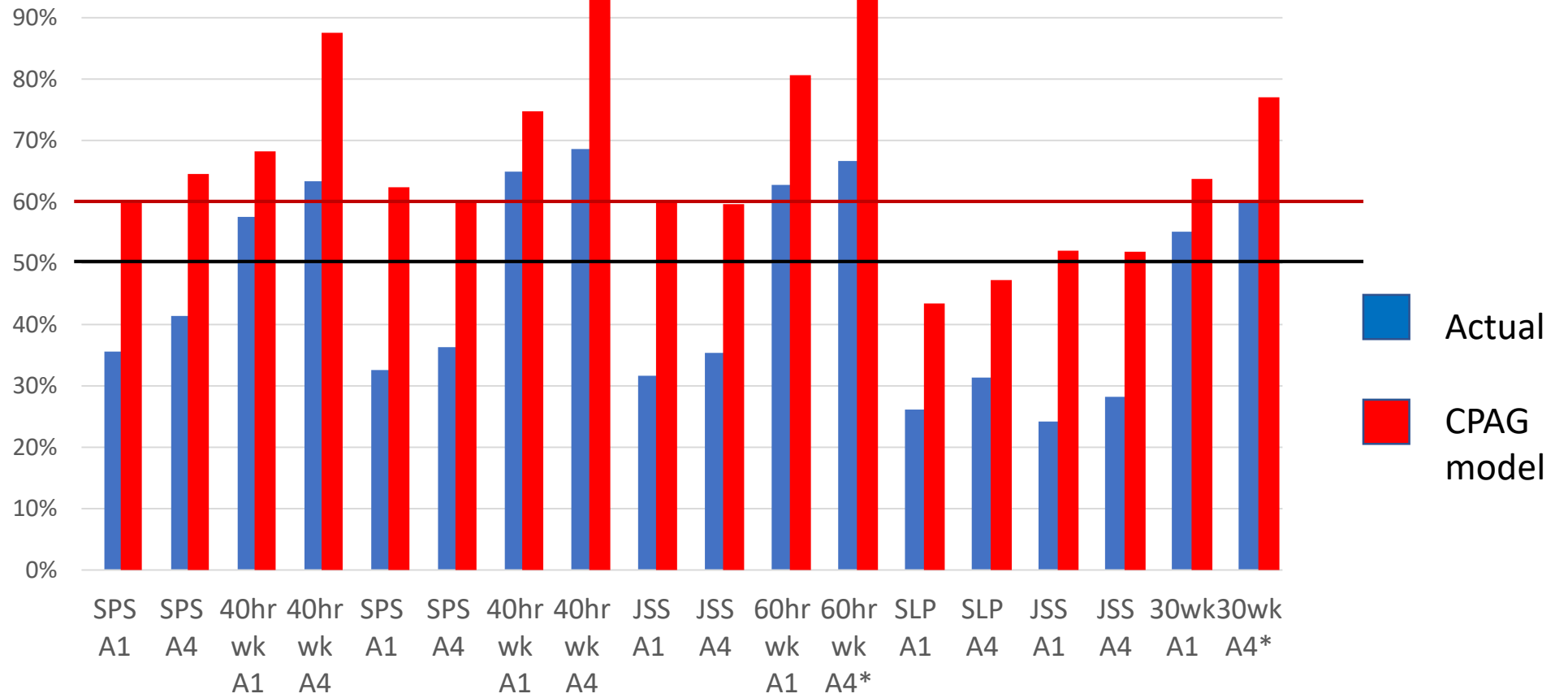
AS	
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- Children: > 60% AHC
- Adults > 50% AHC
- Min wage covers current max AS rate for a person working 35 hours

Method:

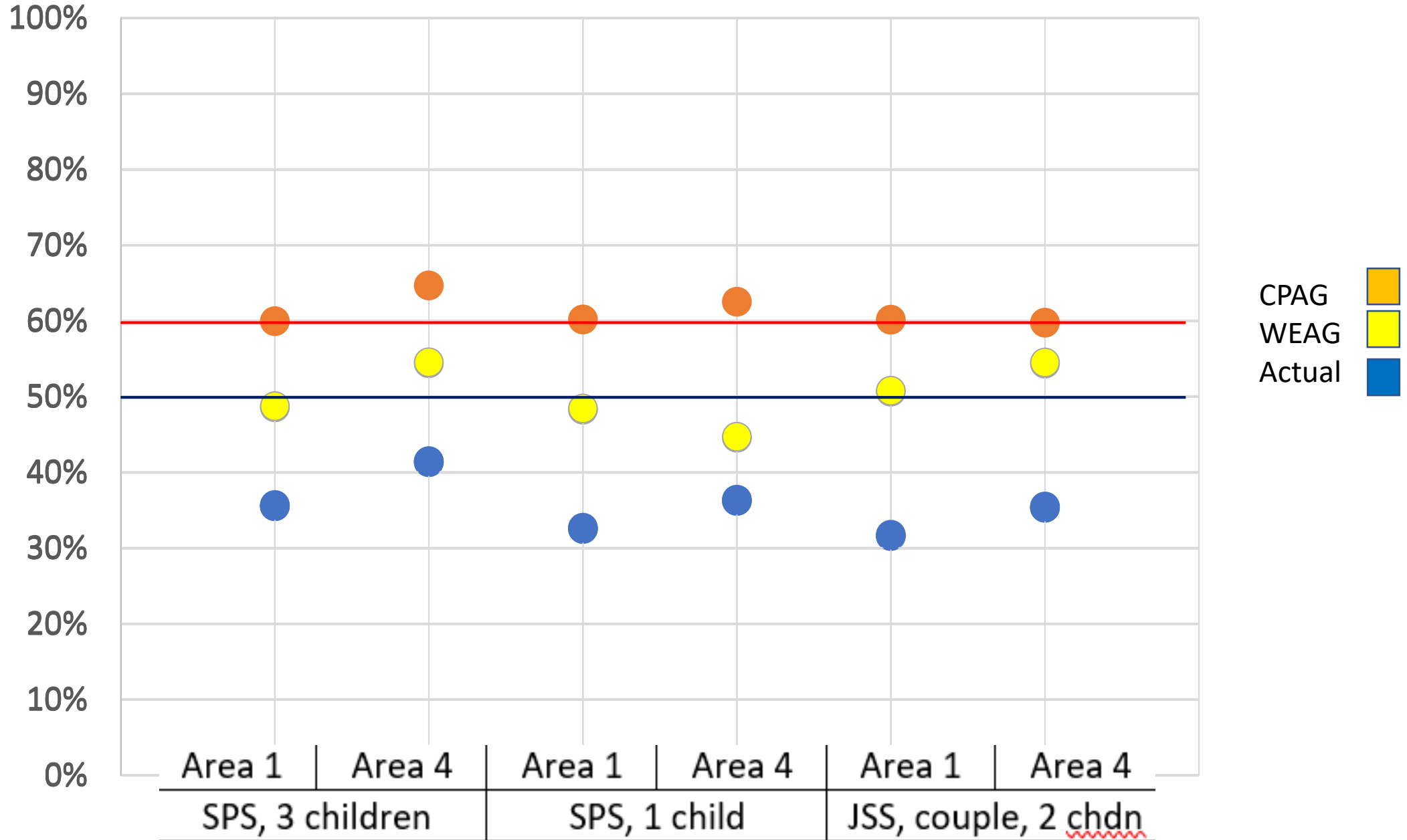
Net Benefits	\$70-\$300pw (two rates) 
Working for Families <ul style="list-style-type: none">• IWTC for families receiving benefits (\$72pw)• First child FTC \$131pw• Second child FTC \$72pw• Increased abatement threshold	
Minimum wage	To \$20.50 p/hr (2018) 

Example households' AHC income as % of equiv median, 2018



WEAG proposals for AS	Compatible as “do now” within a plan to get rid of the AS?
AS cash limit: Increase, index and liberalise	✓
Be proactive to improve the take-up rate of AS and TAS for non-benefit recipients	✓
Acknowledge TAS isn't temporary and make it more flexible (eg reviews every 3-12 months)	✓ (for now)
Index Accommodation Supplement rates to movements in housing costs	✗ Index benefits, WFF and wages instead
Increase the Government AS contribution (as % of rent)	✗ Increase benefits, WFF and wages instead
Decreasing the entry threshold for homeowners from 30% to 25% to align with renters	✓

Example families, receiving benefits, with children: income as % AHC median 2018



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Thanks to the **Mental Health Foundation**
for supporting me to be here today!