

## social security changes

### what's happening when

#### Weekly payments

People identified by Centrelink as financially vulnerable and those at risk of homelessness will be able to receive their Social Security payments on a weekly basis, rather than fortnightly. Reporting periods will still be fortnightly.

*Date of effect: May 2010*

#### Income management

From 1 July 2010 changes are proposed to expand income management, removing the category of people living or staying in designated areas in the Northern Territory (NT). Three new categories of people in "declared income management areas" will be subject to income management:

- people aged 15 to 24 who have been in receipt of Youth Allowance, Newstart Allowance, Special Benefit or Parenting Payment for more than 13 weeks in the last 26 weeks ("disengaged youth");
- people aged 25 and above (and younger than age pension age) who have been in receipt of Youth Allowance, Newstart Allowance, Special Benefit or Parenting Payment for more than one year in the last two years ("long-term welfare payment recipients"); or
- people assessed by a Centrelink social worker as vulnerable.

The new categories will apply to people whose usual place of residence is in a "declared income management area" in the NT.

Existing categories of people subject to income management that remain unchanged are the child protection, school enrolment, school attendance categories as well as voluntary income management, income management through the Queensland Commission, and where a person's nominee is subject to income management.

New exemptions are proposed so that a person can cease to be subject to income management through full-time study or work, or through their children's pattern of attendance over two school terms.

Financial incentives are proposed for those who voluntarily enter into an income management agreement, and also for those who complete an approved course relating to money management skills and maintain a pattern of savings over a 13 week period after starting the course.

*Date of effect: 1 July 2010 (Northern Territory only) subject to the passage of legislation.*

#### Carer Allowance (child) qualification changes

The Disability Care Load Assessment (Child) Determination will replace the Child Disability Assessment Tool (CDAT) to determine qualification for Carer Allowance (child).

The Disability Care Load Assessment (Child) Determination assesses level of care required and provided, rather than just the child's medical condition.

Any carer not qualifying for Carer Allowance (child) automatically on the basis of their qualification for Carer Payment (child) will be assessed under the more generous criteria in the Disability Care Load Assessment (Child) Determination.

*Date of effect: 1 July 2010 (subject to the passage of legislation)*

#### Activity testing flexibility for principal carers

Principal carers of children will be allowed to meet their 15 hour per week participation requirements by combining part-time study, voluntary work, and part-time paid work.

*Date of effect: Combination of part time study, voluntary work and part time paid work: anticipated from 1 July 2010*

#### Exemptions from activity requirements

Exemptions from activity requirements will be more flexible for principal carers of children including for kinship care, foster carers between placements, larger families, carers of home schooled or distance education children and victims of domestic violence.

Exemptions are also proposed to be made easier to access while caring for children during school holidays and periods of leave from employment.

*Date of effect: 1 July 2010 (subject to the passage of legislation)*

#### Multiple advances for pensioners

From 1 July 2010 pensioners will be able to seek multiple advances with the amount of the advance to increase to three times the maximum weekly basic pension or 7.5% of the annual pension entitlement (whichever is lower), less whatever has been received in the last 13 weeks. For a person entitled to full rate of pension, these amounts are more than \$700 for each member of a couple and more than \$900 for a single person. The changes will affect people applying for advance payments on or after 1 July 2010 who receive Age Pension, Disability Support Pension (DSP), Wife Pension, Carer Payment and Widow B Pension.

*Date of effect: 1 July 2010*

#### Loss of entitlement to Family Tax Benefit if three outstanding tax returns

From 1 July 2010 where a person has had three instances where their tax return has not been lodged within one year of the end of the relevant financial year, they lose entitlement to Family Tax Benefit (FTB) based on income estimates.

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After losing entitlement, a person may still receive FTB for past periods by lump sum, but must claim within two years of the financial year for which they are claiming. Loss of entitlement to FTB by estimate will prevent a person from accessing add-ons such as the lower threshold of the Extended Medicare Safety Net from the start of the following calendar year, Pharmaceutical Benefits Scheme, Medicare Teen Dental Plan, Education Tax Refund, or the Health Care Card.

A person may qualify for FTB based on income estimates once all outstanding income tax returns for those income years are lodged.

*Date of effect: 1 July 2010*

### Disability Support Pension changes

A new Health Professional Advice Unit within Centrelink will advise Centrelink officers assessing eligibility for DSP.

*Date of effect: Health Professional Advice Unit (1 July 2010)*

### Social Security Appeals Tribunal changes

Changes to the law have been passed affecting the operation of the Social Security Appeals Tribunal. (See page 15 for further information).

*Date of effect: 14 April 2010*

### Youth Connections

In January 2010, as part of the National Partnership on Youth Attainment and Transitions, two programs "Youth Pathways" and "Connections", were consolidated into the new "Youth Connections". Youth Connections is intended to be a safety net program for young people not in education or at risk of dropping out. Youth Connections providers can provide education and training, skills training, case management, mental health support, literacy and numeracy training, mentoring, advocacy or personal support during the program, which ordinarily runs for 12 months but can be extended. A young person may be referred to the program where they:

- are identified as being at risk of not finishing the final year of high school; and
- are an Australian citizen, permanent resident, or on a humanitarian visa; and
- are within the specified age range for the State or Territory where they live (between 11 years and 19 years with some flexibility).

Referrals to Youth Connections may be made by Centrelink, who will make an appointment with a Youth Connections provider. Participation in Youth Connections will ordinarily be included in a young person's Employment Pathway Plan. The Youth Connections program fully satisfies the activity test where a person has not yet completed their final year of high school. A young person who has already completed their final year of high school and is participating in Youth Connections will be required to be actively looking for suitable work.

*Date of effect: 1 January 2010*

### Youth Allowance: changes to the workforce criteria for independence

After 1 July 2010 the only workforce criterion to establish independence will be where a young person has been in full-time employment of at least 30 hours per week for at least 18 months during any period of two years.

Young people who previously qualified for Youth Allowance and were assessed as independent because of their part-time work or wages will retain their qualification and their independent status as long as they qualified prior to 1 July 2010.

Young people who took time off between finishing school in 2008 and starting post secondary studies prior to 31 December 2010 - gap year students - will also be able to continue to access these workforce criteria in some circumstances. In

these cases the young person must be required to live away from home to undertake their tertiary study and their combined parental income must be less than \$150,000.

*Date of effect: 1 July 2010 (changes to workforce criteria)*

### Youth Allowance: changes to the age of independence

The age at which a young person is automatically independent is to change from 25 years to 22 years. The age will be reduced gradually, to 24 years in 2010, 23 years in 2011 and 22 years in 2012.

*Date of effect: 1 April 2010 (from 25 years to 24 years)*

- 1 January 2011 (from 24 years to 23 years)
- 1 January 2012 (from 23 years to 22 years)

### Youth Allowance and Abstudy: changes to the parental income test threshold

From 1 July 2010 the annual parental income test threshold for Youth Allowance or Abstudy recipients who are not "independent" will increase from \$33,300 to \$44,650.

### Youth Allowance and Abstudy: changes to the parental income taper rate and cut-out point

The taper rate will also change from 1 July 2010. Currently, a person's rate of Youth Allowance is reduced by 25 cents for every excess dollar above the parental income test threshold.

From 1 July 2010 this rate of reduction will change from 25 cents to 20 cents for every excess dollar.

This means that the cut-out points for parental income will change to higher amounts. For example, in a family with one Youth Allowance child aged 18 who lives at home, the parental income cut-out point will rise from \$59,173 to \$76,506.

*Date of effect: 1 July 2010*

## social security changes what's happening when - continued

### Youth Allowance: apportionment of the parental income test and the family actual means test

A further change to the parental income test taper rate is that, rather than being an individual test, the rate of reduction will be apportioned between any members of the family who are subject to the parental income test. Parents whose incomes are assessed can include someone who is not a biological or legal parent.

Where a number of members of a family are subject to the parental income test, for example where two siblings receive Youth Allowance, this means that their parental income can now be higher than previously before it affects the rate of payment.

The family actual means test will also be apportioned between family members who have parental income in common.

*Date of effect: 1 July 2010*

### Youth Allowance: application of income tests

At present a person's rate of Youth Allowance is subject to three income tests: the parental income test, the family actual means test, and the personal income test. Currently the parental income test and family actual means test are applied as alternatives, with the test which results in the greater reduction to a person's rate being the test which applies, with the personal income test then also applying.

From 1 July 2010 each of the three tests will be applied as alternatives. The test which results in the greater reduction of a person's rate will be the test which applies, and the other two tests will not apply. The change is beneficial, and will mean that a person's rate of Youth Allowance will

only be reduced because of one, rather than two tests.

*Date of effect: 1 July 2010*

### Introduction of Student Start-up Scholarships and Relocation Scholarships

From 1 April 2010 two scholarship payments may be available for students receiving Youth Allowance or Austudy: Student Start-up Scholarships and Relocation Scholarships. Equivalent payments will be available for students receiving Abstudy.

The Student Start-up Scholarship is a payment of \$650 for each six months of study. In 2011 this amount will rise to \$1,064. To qualify, students must be receiving Youth Allowance or Austudy while undertaking an approved higher education course, and must not already be in receipt of a Commonwealth Education Costs Scholarship, or likely to receive such a scholarship in the next six months.

The Relocation Scholarship is \$1,000 per year, and \$4,000 for a student's initial relocation. To qualify, students must be receiving student income support, and must either be required to live away from home and not be independent, or be independent because they:

- have a dependent child;
- are an orphan;
- have parents who are unable to exercise parental responsibilities;
- are a refugee
- are in State care;
- cannot live at home because it would be unreasonable; or
- are specially disadvantaged.

A person will not qualify for the scholarship where they are likely to receive a Commonwealth Accommodation Costs Scholarship or an equivalent scholarship within 12 months.

To qualify for both the Student Start-up Scholarship and the Relocation Scholarship, the person must, within 35 days of receiving payment, either start to undertake the course, or continue to undertake the course.

*Date of effect: 1 April 2010*

### Changes to the assessment of income from scholarships

Merits and equity based scholarship payments will be exempt from the income test up to \$6,762 per year.

*Date of effect: 1 April 2010*

### Revised Social Security Agreement with Austria

A Second Protocol to the existing Social Security Agreement with Austria was signed on 17 February 2010. The Protocol makes a number of changes including reducing the portability period for DSP for those who are not severely disabled from 26 weeks to 13 weeks. More information is available from Centrelink's international services on 131673.

### Youth Allowance and Abstudy: personal income test thresholds raised

From 1 July 2012 the personal income threshold will rise from \$236 to \$400 per fortnight. This means students will be able to earn up to \$400 per fortnight without having their payments reduced.

*Date of effect: 1 July 2012*

### Youth Allowance and Austudy for more Masters courses

From 1 January 2012 Youth Allowance and Austudy will be available to students enrolled in all Masters by coursework programs.

*Date of effect: 1 January 2012 ❖*