

## **Income support waiting periods: Information provided to the Fair Work Commission by the Commonwealth Department of Social Security**

### Questions:

1. Is the claim for and consequent payment of Newstart Allowance affected by the timing of payment to an employee on termination of the employment?
2. Do liquid assets considered for the Liquid Assets Waiting Period include money owed by an employer?
3. How does the Liquid Assets Waiting Period operate – does an employee who is owed termination benefits from an employer which is yet to be received, have to wait for payment of Newstart Allowance until such payment is received?

### Response:

With respect to the query, the main waiting period applying to those whose employment has been terminated is the Income Maintenance Period (IMP) which requires claimants to use their settlement amount prior to utilising income support. Payment of income support (with certain exceptions) is based on production of an employee separation certificate and if the employer is unwilling to provide one on separation, they can be compelled to do so. The IMP commences when the payment from the employer is received. Until such time, claimants can generally apply for income support based on their separation documentation and compliance with eligibility requirements. Other waiting periods such as the Liquid Assets Waiting Period (LAWP) may also apply.

Further information regarding operation of these waiting periods can be found on the web in the Guide to Social Security Payments and the websites of the Department of Human Services. Links to these are provided below:

<http://guides.dss.gov.au/guide-social-security-law/3/1/2/10>

<https://www.humanservices.gov.au/customer/enablers/income-maintenance-period>

<https://www.humanservices.gov.au/customer/enablers/liquid-assets-waiting-period>

<https://www.humanservices.gov.au/customer/enablers/seasonal-work-preclusion-period>

It is to be noted that some waiting periods can be served concurrently with others and in other cases they are served consecutively in a particular order. One issue, particularly with the IMP is that some claimants spend their payout prior to the waiting period finishing. A person may have the remainder of an IMP waived due to financial hardship provided their expenditure was 'unavoidable or reasonable'

Below is a table summarising the currently legislated (as on 28/11/2016) waiting periods and the payments to which they apply.

A range of waiting periods apply to a variety of income support payments. These include:

Waiting Period	Payment type <sup>1</sup>
Income Maintenance Period	NSA, YA, SA, PA, PP, WA, Austudy Payment, DSP
Liquid Assets Waiting Period	NSA, YA, SA, Austudy Payment
Newly Arrived Resident's Waiting Period	NSA, YA, SA, Austudy Payment, Partner Allowance, SpB, MAA, CP, PES, MA, Seniors Health Cards, Low income Health Care Cards
Compensation Preclusion Periods	All pensions, benefits and allowances and most supplementary payments
Seasonal Worker's Preclusion Period	NSA, YA, WA, PA, PP (P&S), DSP, CP, Austudy, SA
Unemployment non-payment Penalty	NSA, YA, PP, SpB (nominated visa holders)
Ordinary Waiting Period	NSA, SA
Moving to an Area of lower employment Penalty Period	NSA, YA, SpB (nominated visa holder)
Unemployment due to Industrial Action	NSA, YA

<sup>1</sup> NSA (NEWSTART ALLOWANCE); YA (YOUTH ALLOWANCE); SA (SICKNESS ALLOWANCE); PA (PARTNER ALLOWANCE); PP (PARENTING PAYMENT); WA (WIDOW ALLOWANCE); DSP (DISABILITY SUPPORT PENSION); SpB (SPECIAL BENEFIT); MAA (MATURE AGE ALLOWANCE); CP (CARER PAYMENT); PES (PENSIONER EDUCATION SUPPLEMENT); MA (MOBILITY ALLOWANCE).

The waiting periods applicable to these payments vary in length and rationale. Some like the IMP and the LAWP are in place to ensure that the built-up deposits of claimants are used prior to drawing on the public purse. Similarly, the Seasonal Workers Preclusion Period ensures that income saved during the working season is first used prior to drawing on income support. Measures such as Moving to an Area of Lower Employment Prospects (MALEP) and Unemployment due to Industrial Action are punitive in nature and are intended to act as disincentives to claimants intentionally moving to areas of poor employment or loss of employment/income due to illegal industrial action. The Age Pension and the Disability Support Pension (DSP) also have a 10 year waiting period attached.

Key waiting periods include: the Income Maintenance Period, the Liquid Assets Waiting Period, the Newly Arrived Resident's Waiting Period and the Seasonal Worker's Preclusion Period.

1. Income Maintenance Period (IMP): This is a non-payment period for claimants who have various termination payments counted as assessable income when applying for payment. They include annual leave, accrued sick leave, maternity leave, redundancy pay, superannuation lump sums etc. The non-payment period commences from the date termination benefits are paid. The period can be reduced/waived if the claimant can prove severe financial hardship due to unavoidable or reasonable expenditure.
2. Liquid Assets Waiting Period (LAWP): A non-payment period applies if the claimant has certain threshold levels of liquid assets. These are: \$5,500 for singles without dependent children; \$11,000 if single with a dependent child; and \$11,000 if a member of a couple. The waiting period increases in one week increments for each \$500 in excess of thresholds up to a maximum of 13 weeks. The waiting period can be waived for severe financial hardship.
3. Seasonal Worker's Preclusion Period (SWPP): This can be applied to a claimant or a claimant's partner if they have undertaken seasonal work in the six months prior to applying. Examples of seasonal work include teaching, fruit-picking and fishing.
4. Newly arrived residents waiting period: This is a non-payment period of 104 weeks for newly arrived residents for certain visa categories. Exemptions include those on some humanitarian visas and refugees.

<sup>1</sup> NSA (Newstart Allowance); YA (Youth Allowance); SA (Sickness Allowance); PA (Partner Allowance); PP (Parenting Payment); WA (Widow Allowance); DSP (Disability Support Pension); SpB (Special Benefit); MAA (Mature Age Allowance); CP (Carer Payment); PES (Pensioner Education Supplement); MA (Mobility Allowance).