



New changes to social security

There are new changes coming to our social security system. This factsheet has information about how these changes might affect you and your Centrelink payments.

This factsheet provides general information only. It is not legal advice. If you need legal advice, you can contact your local social security rights service, which you can find from our website at www.nssrn.org.au.

New changes starting on 1 July 2018

Payment start date

From 1 July, most people will only get paid from the day they lodge their completed claim form for a payment. It does not matter when a person first made contact with Centrelink.

Centrelink may ask you to provide some paperwork with your claim form. You should try and get your documents ready quickly so that your payments aren't delayed.

The Government has the power to let some people get back-paid to the day they told Centrelink they wanted to apply for a payment. At this stage, the Government has not said who can get this backpay. This will probably only be open to people who are very disadvantaged according to Centrelink and who find it hard to get their claim form ready.

Different payment start date for Jobseekers

If you are looking for paid work, your payments will likely start on the date of your first interview with your Employment Services Provider.

If your claim for Newstart Allowance or Youth Allowance (other than full-time students or new apprentices) is accepted, you may be offered an appointment with an Employment Services Provider. This appointment should be within 2 business days. You will not get any payments until you go to this appointment.

If you are offered an appointment time that is after 2 business days, as long as you go to the appointment, you will get back-paid to the day that you were told to attend the appointment.

If you do not go to the appointment and you had a good reason, you will need to give Centrelink evidence of why you could not go. If Centrelink accepts your reason, you may get paid from the date of the missed appointment.

If you do not have a reasonable excuse, you will not get paid until you go to a new appointment.

This will not apply to everyone. For some people, payments will start from the day you lodge your claim. If you are very disadvantaged, or you are the main carer of a child, you may get paid from the day of you lodge your claim. If you are told to do the Community Development Program or go to a Disability Employment Service, you should get paid from the day of you lodge your claim.



New penalties

From 1 July 2018, there will be a new penalty system for most people seeking paid work.

The new penalty system is called the Targeted Compliance Framework. It is based on a system of demerit points. Penalties increase in severity for persistent non-compliance. These penalties cannot be waived.

If you are unable to meet your jobseeker activity requirements and you have a reasonable excuse, you should get as much supporting evidence as possible and tell your employment services provider as soon as possible. Your payments may be suspended or cancelled if you do not have a reasonable excuse or if you do not tell your employment services provider until after the event.

The new system has three phases:

- *Green Zone*
- *Warning Zone*
- *Penalty Zone*

The *Green Zone* is the first phase of the framework where all jobseekers are initially placed. If you fail to meet your jobseeker activity requirements and don't have a reasonable excuse, you will enter the *Warning Zone*. You will be given a demerit point for each failure and your payments will be suspended until you do the required activity. Once you complete the activity you will be back-paid and your payments will recommence.

If you get 3 demerit points within 6 months, you will have to attend an interview with your Employment Service Provider to review why you are not meeting your activities. In some cases, if you have a reason relating to your ability to complete your activities, your employment pathway plan may be adjusted and your demerits points may be reset to zero. However in many cases you will be asked to meet your activities as set out in your plan.

If you get two more demerit points, and have 5 demerit points within 6 months, you will have to attend an appointment with Centrelink to further review why you are not meeting your activities. This interview is another opportunity to see whether you are able to complete your activities. In some cases, your employment pathway plan may be adjusted and your demerit points reset to zero. However in many cases your plan will not change.

After this appointment with Centrelink, you enter the *Penalty Zone* and any further failures result in increased penalties. You will lose 50% of your payment for the first failure without reasonable excuse in the *Penalty Zone* (ie when you get 6 demerit points). You will lose 100% of your payment after a second failure without reasonable excuse in this *Penalty Zone*.

If you fail on a third occasion without reasonable excuse, your payment will stop for 4 weeks. This cannot be waived.

You can only return to the *Green Zone* if you do not incur any other failure within a 3 month period.

Throughout all phases, if you refuse paid work, voluntarily leave a job, or are dismissed for misconduct from a job, your payment will stop for 4 weeks. This cannot be waived. However, if you are a ParentsNext participant, this rule will not apply to you, as ParentsNext participants are not generally required to look for or accept paid work.

If you disagree with a demerit point, you can ask your Employment Service Provider to change their decision. You can complain to the Department of Jobs and Small Business if they refuse and you disagree with their decision. You can also ask Centrelink to review their decision to suspend your payment. However, Centrelink



make their decisions to suspend your payments based on the reports of your Employment Services Provider. It may be hard to argue against any demerit points, unless you get evidence to support a reasonable excuse.

If you are in the *Penalty Zone* and have your payments suspended or cancelled, you can ask Centrelink to review their decision. If you have failed to meet your activity requirements without reasonable excuse, even if you are in difficult circumstances, you will not be able to get a waiver of the penalty.

I have a drug and/or alcohol addiction. What changes affect me?

From 1 July 2018, you will only be able to use drug or alcohol misuse as a reason for not meeting your jobseeker activity requirements once, unless you agree to get treatment.

You also will not be able to use issues arising from your drug or alcohol misuse to gain exemption from your job activity requirements.

I have been widowed. What payments can I access?

You will not be able to apply for Widow Allowance from 1 July 2018.

Women who lose their partners after this date may claim Newstart Allowance. An income and assets test applies. They will not have to do job search activities.

Women who are over the pension age can claim for Age Pension if they have lived in Australia for the required time. If they do not meet these residency requirements, they may only be eligible for Special Benefit payments.

The Widow Allowance will be removed from 1 January 2022. Everyone who receives the payment on that date will automatically transfer to the aged pension.

New changes from 20 September 2018

I am aged 55-59. Can I complete my job activity requirements through volunteer work?

From 20 September, there are changes to job activity requirements for those aged 55-59.

During your first 12 months of being on payment, you will not be able to meet your activities solely through volunteer work.

New changes from 20 March 2020

Newstart Allowance

From 20 March 2020, Jobseeker Payment will replace the Newstart Allowance and many other payments. If you are on Newstart Allowance, your payment will not change.



Widow B Pension

If you are on Widow B Pension, you will have moved over to Age Pension before 20 March 2020. Your payment rate will not be reduced.

Wife Pension

If you are on Wife Pension on 20 March 2020, there are different rules depending on your circumstances:

- Over pension age: If you are over the pension age you will automatically transfer to the Age Pension.
- Carer Allowance recipient: If you also receive Carer Allowance and remain eligible for Carer Allowance, you will automatically transfer to Carer Payment.
- If you are not of Age Pension age or a carer and live in Australia, you will transfer to the new Jobseeker Payment. At first, your payment rates will not be reduced. However, you will not receive increases in payment rates in the same way and your payment rate will fall relative to the rate of Jobseeker Payment.
- If you live overseas and do not qualify for the Age Pension or Carer Payments, you may not be moved into another payment. Your payments may stop.

Bereavement Allowance

From 20 March 2020, only newly-bereaved recipients of Jobseeker Payment or Youth Allowance, or pregnant women will be able to apply for Bereavement Allowance.

Sickness Allowance

You will not be able to apply for Sickness Allowance from 20 March 2020. Instead, you can apply for the new Jobseeker Payment. You may not have to do jobseeker activities because of your illness. Your payment rate will not change.

On 20 September 2020, anyone who receives Sickness Allowance will be moved to Jobseeker Payment.

New changes 1 January 2022

Partner Allowance

By 1 January 2022, all Partner Allowance recipients should have reached pension age. They will be moved to the Age Pension. This payment will close.