



Budget Bills Brief: Ordinary waiting period

Social Services and other legislation amendment (2014 Budget Measures No.1) Bill 2014

Schedule 6: Waiting Periods

Measures From 1 October 2014, the existing one week waiting period for Newstart Allowance will extend to Parenting Payment, Widow Allowance and Youth Allowance (Other), the payment for unemployed young people

The 'financial hardship test' for waiving the one week waiting period will be tightened so that as well as lacking money, the applicant must prove that they are in a 'personal financial crisis' (e.g. 'having incurred unavoidable or reasonable expenditure or having experienced domestic violence'), that is, to prove that the hardship is not their fault.

Note that this is a separate measure to the extra 6 months' wait for young unemployed people (see separate Budget Bills Brief on that measure).

Current Situation There is a one week 'ordinary' waiting period for Newstart Allowance for unemployed people, in addition to other waiting periods that apply where the person has significant liquid assets or is a new migrant.

Since the Allowance is paid fortnightly in arrears, this means that if no other waiting period has to be served, the first payment is normally for one week's benefit only, not a fortnight. The second payment is the full fortnight's payment.

Applicants can apply for waiver of this waiting period if they are in financial hardship. They simply need to show that their liquid assets are less than the fortnightly amount of the Allowance payment.

They can also apply for Crisis Payment, a one off payment to deal with a temporary financial crisis.

The one week waiting period does not apply to Youth Allowance (Other), the unemployment payment for young people, Widow Allowance, or to pension payments such as Parenting Payment Single or Age Pension.

Impacts The Bill would extend the waiting period to recipients of Youth Allowance (Other), Parenting Payment (the payment for primary carers of a child under 6-8 years, including sole parents) and Widow Allowance (the payment for older women who are widowed). It would not extend to other pension payments such as Age Pensions, Disability Support Pension or Carer Payment.

Extending the one week waiting period to Youth Allowance (Other) would improve consistency in the treatment of adult and young unemployed people. However, extending it to Parenting Payment would impose financial hardship on women who have just separated from their partners, especially those escaping domestic violence. They do not serve a waiting period for Parenting Payment



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now, so their first payment is the full fortnight's payment. This is often crucial for women who have no money and children to support. Extending it to women who are recently widowed would also needlessly create hardship.

The tighter 'personal financial crisis' test for waiving the one week waiting period is not specified in the Bill. It would be outlined in a legislative instrument which is not yet available.

The present hardship test is simple and reasonable. It means the waiting period is waived where the person lacks enough money to live for the next fortnight. Nothing will be gained by introducing a more complex test, except to deny income support to people who need it and tie up both Centrelink and the client in red tape. The cost to Government in administering this test may well be equal to the 'saving' of one week's benefit. In any event, it is not possible for people to 'prove' in a single interview whether financial hardship was unavoidable and this personally intrusive requirement would put some people off from applying for much-needed urgent payments.

The new 'personal financial crisis' test appears to require women to disclose domestic violence in order to 'prove' why they are in financial hardship. This adds an extra stress to their lives at a time when they urgently need support from the Government. The harder the Government makes it for women in violent relationships to receive income support, the harder it will be for them to escape those relationships.

Recommendation **Reject Schedule 6 of the SOCIAL SERVICES AND OTHER LEGISLATION AMENDMENT (2014 BUDGET MEASURES No. 1) BILL 2014.**
