

Senate Standing Committee on Community Affairs
Inquiry into Centrelink's Compliance Program

ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Senate Standing Committee on Community Affairs inquiry into Centrelink's Compliance Program

Question reference number: SQ20-000576

Senator: Deborah O'Neill

Type of Question: Written. Hansard Page/s:

Date set by the Committee for the return of answer: 03 September 2020

Question:

On the 24th of September the temporary removal of the assets test for Centrelink payments will expire. On the Services Australia website, under the heading Income Compliance refunds, it states that 'if your assets change as a result of your refund, you'll need to let us know within 14 days. It may affect your current payment rate'.

Could Australians receiving a refund from the income compliance program have their other payments reduced as a result?

Answer:

Income Compliance Program refunds are not considered income for means testing purposes.

An Income Compliance Program refund could affect a person's payment through the assets test depending on the size of the refund, what the person does with the money, and the other assets the person has.

The ongoing means test assessment of a refund would depend on what the person decides to do with the money. If the person spends the money or invests it in a non-assessable asset, for example by paying down the mortgage on their principal home, there will be no asset to assess. If the refund is used to obtain additional assessable assets such as a car or financial assets like shares, the assets would be assessed.

The impact of the refund on a person's income support payment would depend on the amount of the refund and their other assessable income and assets. The income and assets test free areas allow income support recipients to have assessable income and assets up to the free areas before their payments are affected.

Where a person is receiving a payment for which assets testing is being re-introduced, such as JobSeeker Payment, a person is not eligible for payment if they have assessable assets above the relevant free area. The current assets test free areas are:

- \$268,000 for a single homeowner,
- \$482,500 for a single non-homeowner,
- \$401,500 for homeowner couples (combined)
- \$616,000 for non-homeowner couples (combined).

These assets test free areas means that a person would have to have significant other assets for an Income Compliance refund to affect their payment under the means test.