

Senate Select Committee on COVID-19

Public Hearing – 18 August 2020
ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Senate Select Committee on COVID-19 - Question 8

Question reference number: SQ20-000563

Senator: Katy Gallagher

Type of Question: Spoken. Hansard Page/s: 64

Date set by the Committee for the return of answer: 01 September 2020

Question:

CHAIR: I have some questions. Senator Siewert has asked a couple of them around the liquid assets test. You're expecting 6,000 people to serve the waiting period. I think there's legislation before the parliament to double the liquid asset waiting period to 26 weeks. Am I correct in calling that?

Mr Bennett: You are correct that there is legislation before the parliament.

CHAIR: Is the government pressing ahead with that legislation? You haven't been told otherwise?

Ms Campbell: We can take that on notice. I must admit it hasn't been a priority for us in recent times.

Answer:

The measure to extend the liquid assets test waiting period forms part of the Social Services Legislation Amendment (Payment Integrity) Bill 2019 that was introduced into Parliament on 11 September 2019.

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ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Senate Select Committee on COVID-19 - Question 10

Question reference number: SQ20-000565

Senator: Katy Gallagher

Type of Question: Spoken. Hansard Page/s: 65

Date set by the Committee for the return of answer: 01 September 2020

Question:

CHAIR: Is there any capacity for compassionate assessment of that?

Mr Williamson: Certainly people who are in financial hardship can contact Services Australia and discuss their individual circumstances. As you would appreciate, Senator, that's on a case-by-case basis, so it's hard for us to give a blanket answer.

CHAIR: Do you normally have many waivers of that period for compassionate reasons?

Ms Campbell: I think we'd have to take that on notice. But the liquid asset waiting period has been a feature of the welfare system for many years—

CHAIR: I understand, and I understand the reasons for having it. I'm trying to understand, in light of the world we're now living in, the policy rationale behind a whole range of changes and how they interact, and—

Mr Williamson: I think the only thing we can say—and the minister mentioned this earlier—is that it's about us achieving a balance across the system of appropriate levels of support for people, incentivising people, but also making sure that those people who may be able to support themselves are doing so. There is not one answer to that equation; it's about achieving a balance. And the government made a decision to reintroduce the assets test and liquid assets waiting period from 25 September.

CHAIR: And that was part of the decision to reduce the supplement as part of the—

Mr Williamson: It was announced in the economic update.

Answer:

The LAWP can be waived (in part, or whole) if a person is in severe financial hardship because the person has incurred unavoidable or reasonable expenditure (defined in section 19C of the *Social Security Act 1991*) and, for a single person, the liquid assets are less than the fortnightly maximum payment rate of the income support payment that would be payable to the person. For a member of a couple, it is when the couple's liquid assets are less than twice the fortnightly maximum payment rate.

Unavoidable or reasonable expenses include the reasonable costs of living plus other unavoidable or reasonable expenses such as:

- repairs to, or replacement of, essential white goods in the person's home
- replacements for essential household goods stolen or lost through natural disaster when the cost is not the subject of an insurance policy
- funeral expenses
- essential repairs to the person's car or home
- essential medical expenses
- school expenses
- motor vehicle registration
- essential expenses associated with the birth or adoption of a child by the person
- premiums for vehicle or home insurance
- any other costs that the Secretary determines are unavoidable or reasonable expenditure in the circumstances in relation to a person.

Further expenses that would also be considered as reasonable costs of living include:

- food
- rent or mortgage payments
- regular medical expenses
- rates, water and sewerage costs
- gas, electricity and telephone bills
- petrol for the person's vehicle
- public transport costs
- any other cost the Secretary determines is a reasonable costs of living for the person.

In 2017-18, there were 2,019 LAWPs waived on severe financial hardship grounds.

In 2018-19, there were 1,340 LAWPs waived on severe financial hardship grounds.

In addition the LAWP can be recalculated if the claimant makes a voluntary one-off payment of a person's non-housing debt.

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Department of Social Services

Topic: Senate Select Committee on COVID-19 - Question 11

Question reference number: SQ20-000566

Senator: Katy Gallagher

Type of Question: Spoken. Hansard Page/s: 66

Date set by the Committee for the return of answer: 01 September 2020

Question:

CHAIR: I have some questions on pension indexation. Will the pension be indexed in September?

Mr Williamson: No. Based on the calculation for indexation, if it's negative we don't reduce the pension but we also don't increase it.

CHAIR: So if it is negative the pension will not increase on 25 September.

Mr Williamson: Correct.

CHAIR: How long will pensioners go without receiving any indexation? Their last increase would have been in September of the previous year?

Mr Williamson: No. The pension is indexed twice a year. So it would have been—

CHAIR: So were they increased in March?

Mr Williamson: My recollection is yes. I don't have the exact figure, but we'll take that on notice for you.

Answer:

On 20 March 2020 the maximum total pension rate for single pensioners increased by \$10.90 to \$944.30 a fortnight or \$24,551.80 a year. The maximum rate for pensioner couples combined increased by \$16.60 to \$1,423.60 a fortnight or \$37,013.60 a year.