

## Senate Community Affairs Legislation Committee

### BUDGET ESTIMATES – 5-6 JUNE 2014 ANSWER TO QUESTION ON NOTICE

#### Department of Human Services

**Topic:** Liquid Assets

**Question reference number:** HS 39

**Senator:** Moore

**Type of question:** Hansard page 26, 6 June 2014

**Date set by the committee for the return of answer:** 25 July 2014

**Number of pages:** 2

#### **Question:**

Senator MOORE: For the maximum preclusion, what kind of liquid assets are we talking about?

Ms Rule: I do not have the amount, I would have to take that on notice.

Senator MOORE: Can we get something from you about how that works? Because it is an interesting point. And one of the questions that people are raising in the community is: what is the full scenario of what could occur in terms of planning? So I would like to get from you on notice exactly how that process operates and what would preclude people—and I know that every circumstance is different; I just want the general rules around it.

#### **Answer:**

The Liquid Assets Waiting Period (LAWP) is the period a person must wait before being paid an allowance if they have funds above the maximum reserve at the day after the date they ceased work, or study, or at date of claim or qualification.

The LAWP is from one to 13 weeks and is applied as 'whole weeks'. The maximum reserve amount available to a customer is to be used to calculate the LAWP.

The LAWP only applies to customers applying for Austudy, Newstart Allowance, Sickness Allowance and Youth Allowance.

Section 14A of the *Social Security Act 1991* (the Act) provides a definition of a liquid asset. These include (but are not limited to):

- cash on hand from any source (including borrowings);
- shares and debentures, term deposits;
- other money available at short notice;
- some payments made or due to be made by a person's last employer;
- 10 year insurance bonds;
- amounts deposited or lent to banks or other financial institutions whether or not the amount can be withdrawn or repaid immediately;
- assets given to a son or daughter in some circumstances;
- loans to other people;

- unencumbered proceeds from sale of business;
- monies in trust funds, bank accounts including mortgage offset accounts, but not balances of mortgage redraw accounts; and
- compensation payments.

Section 19C of the Act advises a LAWP may be waived in full or in part when the recipient is in severe financial hardship as a result of unavoidable or reasonable expenditure.

The following tables advise the length of a LAWP depending on whether the recipient is single with no dependent children or partnered or single with dependent children:

<b>Single - no dependent children</b>	
<b>Amount of liquid assets (\$)</b>	<b>Liquid Assets Waiting Period (WEEKS)</b>
0 to 5499	NIL
5500 to 5999	1
6000 to 6499	2
6500 to 6999	3
7000 to 7499	4
7500 to 7999	5
8000 to 8499	6
8500 to 8999	7
9000 to 9499	8
9500 to 9999	9
10000 to 10499	10
10500 to 10999	11
11000 to 11499	12
11500 onwards	13

<b>Partnered or Single - with dependent children</b>	
<b>Amount of liquid assets (\$)</b>	<b>Liquid Assets Waiting Period (WEEKS)</b>
0 to 10999	NIL
11000 to 11999	1
12000 to 12999	2
13000 to 13999	3
14000 to 14999	4
15000 to 15999	5
16000 to 16999	6
17000 to 17999	7
18000 to 18999	8
19000 to 19999	9
20000 to 20999	10
21000 to 21999	11
22000 to 22999	12
23000 onwards	13