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BACKPOCKET BRIEF – WORKING AGE PAYMENTS
2023-24 Budget – May 2023

Increase to Payments

Through the 2023-24 Budget, Government announced a range of measures to increase Working Age Payments and Commonwealth Rent Assistance and to adjust eligibility for Parenting Payment (Single) with changes to commence on 20 September 2023 subject to the passage of legislation. The changes are:

- **Working Age and student payments:** \$4.9 billion over five years from 2022-23 to increase Working Age and student payments by \$40 per fortnight. This increase:
 - applies to Jobseeker payment, Youth Allowance, Parenting Payment (Partnered), Austudy, ABSTUDY, disability Support Pension (Youth), and Special Benefit.
 - extends eligibility for existing single Jobseeker recipients aged 60 years or over to recipients 55 years or over who are on the payment for 9 or more continuous months.
 - Increasing the support for recipients who are aged 55 years and over, the majority of whom are women, acknowledges the additional challenges older Australian face in re-entering the workforce, such as age discrimination or poor health.
- **Parenting Payment (Single):** \$1.9 billion over 5 years from 2022-23 to extend eligibility for Parenting Payment (Single) to support single principal carers with a youngest child under 14 years of age. The existing eligibility provides support to single principal carers with a child under 8 years of age and maintains existing mutual obligation requirements (which commence once children turn six years of age). This change:
 - expands the eligibility to effectively provide an additional \$176.90 per fortnight for single principal carers, to which they would otherwise have not been entitled if they were no longer on the payment.
 - extends eligibility to children over eight and aligns with the Women’s Economic Equality Taskforce (WEET) priority to classify single mothers as doing parenting work rather than being unemployed (and on JobSeeker).
- **Commonwealth Rent Assistance:** \$2.7 billion over four years from 2023-24 to increase the maximum rate of Commonwealth Rent Assistance by 15%.

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Indexation arrangements of the JobSeeker Payment, Rent Assistance and Youth Allowance

- Jobseeker and other working age payments are indexed by the Consumer Price Index twice per year: on 20 March and 20 September. Youth Allowance Other is indexed once per year on 1 January.
- The cost of indexation for Working Aged Payments is already factored into the forward estimates and is adjusted at each economic update to reflect the most up to date economic conditions and projections.
- The last increase to working age payments outside of Consumer Price Index adjustments was in April 2021 when the Coalition Government increased the rates by \$50 per fortnight (following the withdrawal of the temporary COVID supplement).
- Working Age Payments will continue to be indexed by the CPI.

Legislation

- Legislation is required by 20 September 2023 to the *Social Security Act 1991*, and the *Social Security (Administration) Act 1999*.

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In the Media

- Measures associated with Working Age Payments, Commonwealth Rent Assistance and Parenting Payment (Single) have received significant media and stakeholder attention primarily providing commentary on the adequacy of change.
- The Opposition Leader has proposed an option to raise the fortnightly income threshold by \$150 allowing recipients to receive more income through work arrangements without affecting income support payments.
- Existing income thresholds vary between payments and cohorts, however for single, non-principal carers receiving JobSeeker payment, the existing income test is:

Income per fortnight	Amount payment reduces
Up to \$150	\$0
Over \$150 (taper rate)	50 cents for each dollar between \$150 and \$256 then 60 cents for each dollar over \$256

- The Opposition Leader's proposal represents a doubling of the amount a single, non-principal carer JobSeeker recipient can earn before the payment is impacted by the taper rate.
- Finance has not costed this option however the Opposition Leader has suggested this could cost approximately \$2.3 billion over the forward estimates.

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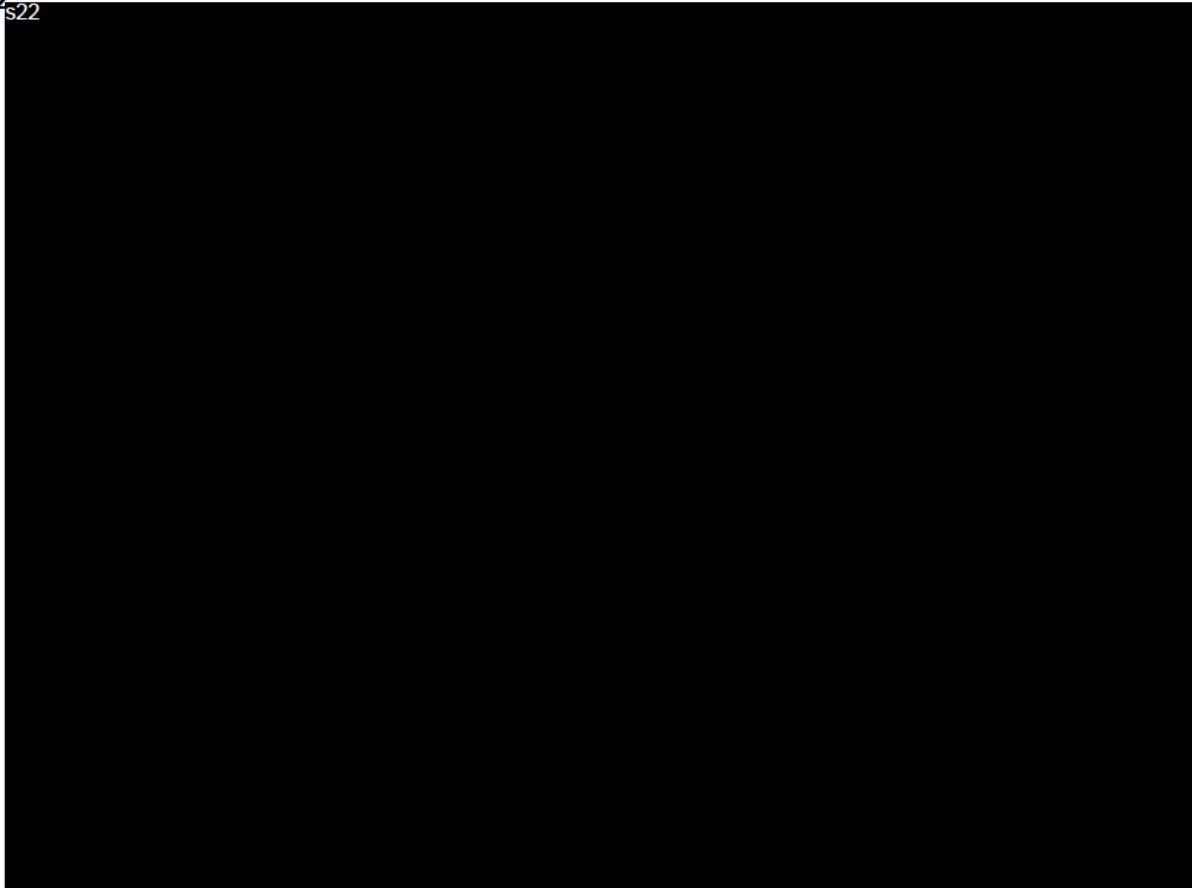
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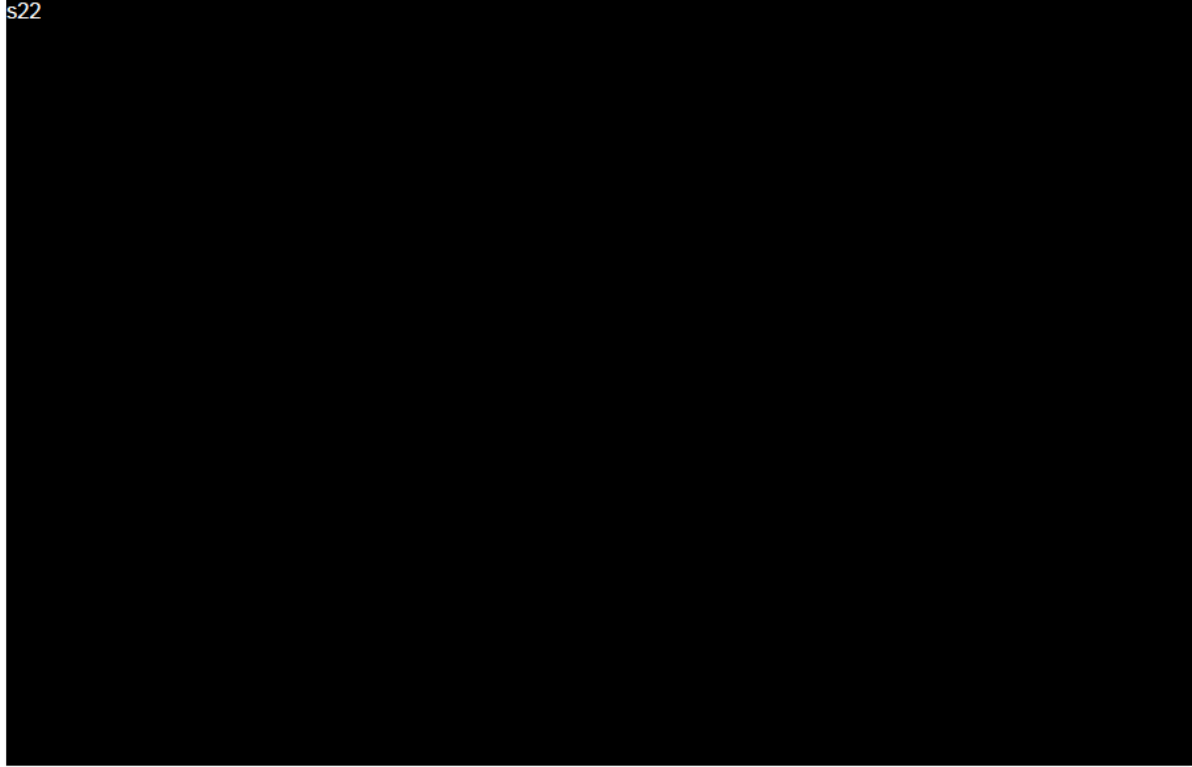
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Date: 09/05/2023
Cleared by (SES): Mark Roddam,
Telephone No: 02 s22
Group/Branch: Social Policy

Contact Officer: s22
Telephone No: 02 s22
Consultation: Nil

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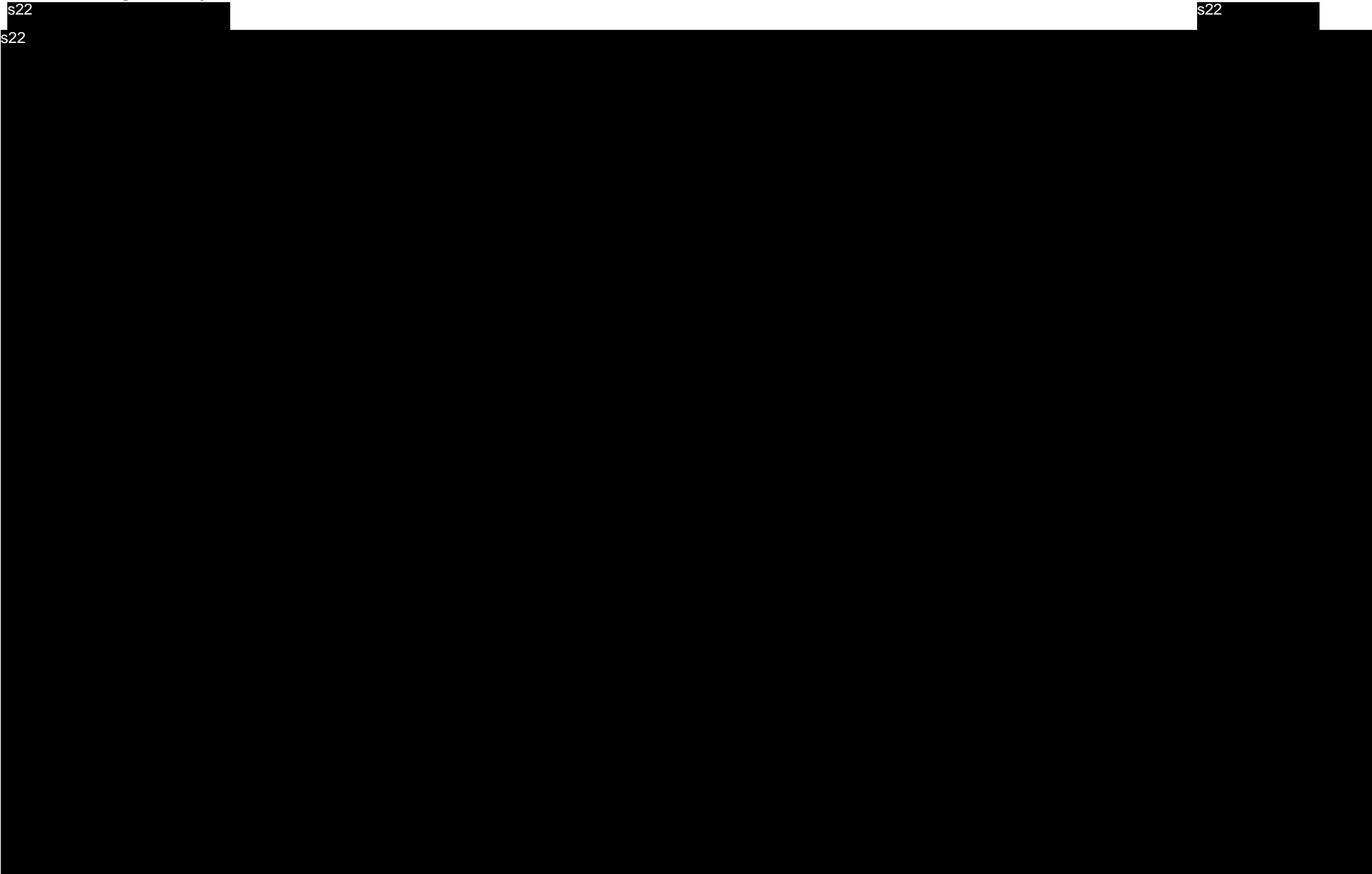
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