

BACKPOCKET BRIEF – INCREASE TO PAYMENTS**2023-24 Budget – May 2023****Increase to Payments**

Through the 2023-24 Budget, the Government announced a range of measures to increase Working Age Payments, Commonwealth Rent Assistance and to extend 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** (s22): \$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 Australians face in re-entering the workforce, such as age discrimination or poor health.

- **Parenting Payment (Single)** (s22): \$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 which they would otherwise have not been entitled if they were no longer on the payment and would drop back to JobSeeker Payment – Single with child (\$785.20 per fortnight).
 - 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** (s22): \$2.7 billion over four years from 2023-24 to increase the maximum rate of Commonwealth Rent Assistance by 15%.

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BACKPOCKET BRIEF – INCREASE TO PAYMENTS

2023-24 Budget – May 2023

Background

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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 (CPI) twice per year: on 20 March and 20 September. Youth Allowance Other is indexed once per year on 1 January.
- The last increase to working age payments outside of CPI 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, the next CPI adjustment will be applied on the 20 September, and will be based on updated indexation parameters provided by Treasury.
- The cost of indexation for Working Aged Payments is adjusted across, and included in, the forward estimates at each economic update to reflect the most up to date economic conditions and projections. The estimates will be updated again to reflect the 20 September CPI adjustment during the 2023-24 MYEFO.
- The \$40 increase to Working Age Payments was also indexed separately as part of the costing process and this indexation is included as part of the \$4.9 billion cost.
- The 20 September 2023 CPI indexation adjustment will be applied to the new rate of Jobseeker inclusive of the additional increase announced at the 2023-24 Budget. For example, indexation will be applied to the new Jobseeker, single no-child rate of \$733.10 per fortnight.

Legislation

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

In the Media

- Measures associated with Working Age Payments, Commonwealth Rent Assistance and Parenting Payment (Single) have received significant media and stakeholder attention which has primarily focused on payment adequacy.
- The Opposition Leader has proposed an option to raise the fortnightly income threshold by \$150 allowing recipients to earn more income through work arrangements without affecting Working Age 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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 Consultation: Nil

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