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Changes to Australian income support settings during the COVID-19 pandemic

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Abstract

This paper summarises the major changes made to unemployment, student and parenting transfer payments over 2020 and early 2021 in Australia in response to the COVID-19 pandemic. Major COVID-19 policy responses external to the transfer payment system are also summarised where these policies had a significant impact on the finances of income support payment recipients. Unprecedented numbers of individuals commenced and ceased receiving income support between March 2020 and April 2021, the initial period of COVID-19 in Australia here termed “the COVID-19 period”. In response to this demand unemployment payments were made easier to access and paid at a higher rate, and job search obligations for recipients were waived. Unemployment payment policy settings were generally progressively returned to pre-pandemic settings from September 2020 onwards. Temporary changes to student and parenting payments were also made, while payment settings for age and invalidity pensions saw comparatively fewer changes.

Keywords: COVID-19, JobSeeker, Youth Allowance, Parenting Payment, Austudy, Coronavirus supplement, welfare, income support

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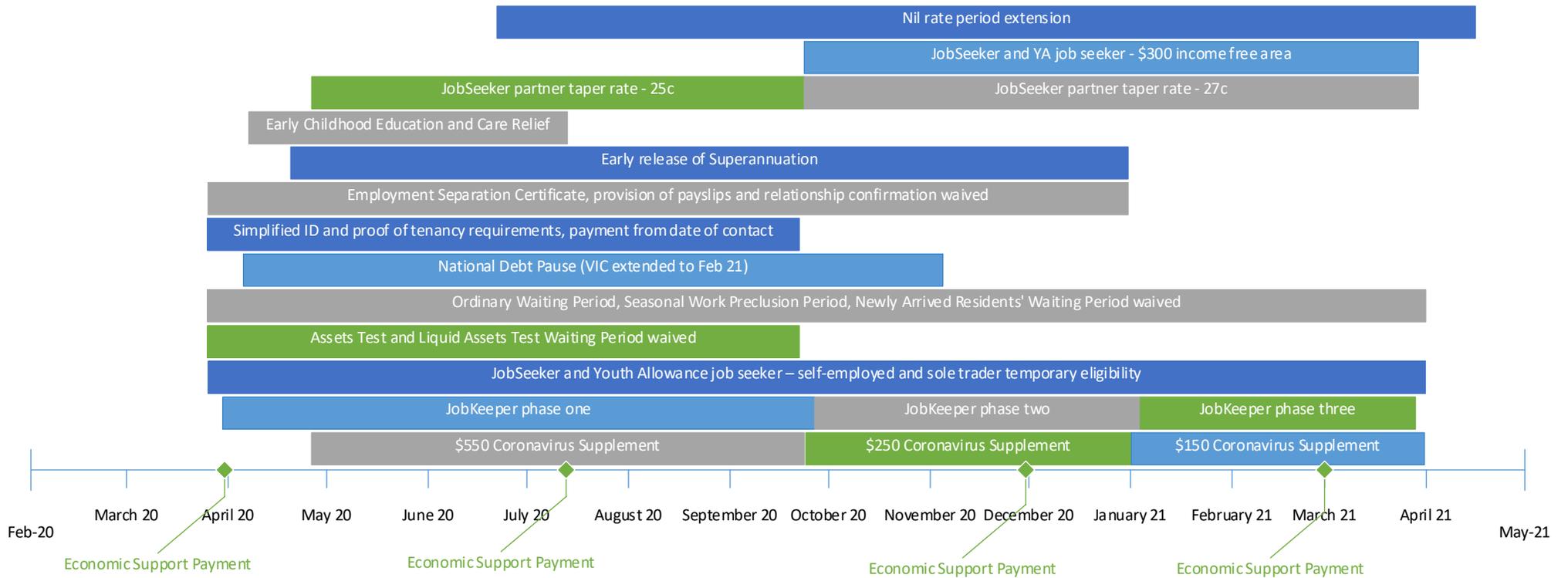
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Timeline of major income support changes over the COVID-19 period



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Introduction

Between late March 2020 and April 2021 significant changes to transfer payment settings were made to support individuals affected by the COVID-19 pandemic.

For working age individuals already receiving support the combined effect of these changes was substantial, including:

- A one-off \$750 payment
- A doubling of their fortnightly rate of support
- A suspension of the requirement to seek work or repay social security debts
- A 60% increase to how much their partner could earn before they lost eligibility for income support
- The option to access up to \$20,000 of their superannuation
- The abolition of child care fees
- If eligible, a \$1,500 per fortnight wage subsidy payment, potentially in addition to a part rate of their support payment

For individuals who commenced receiving support during the COVID-19 pandemic the experience was similarly transformed, including, in addition to the above:

- The ability to lodge a claim remotely without proving their identity, and be back paid to the date they first contacted Centrelink
- The ability to receive unemployment benefits regardless of wealth
- The ability to receive unemployment benefits while remaining nominally employed
- A suspension of the usual requirement to wait one or more weeks before being paid, including as a result of accessible personal savings

Emergency settings within the social security system were applied at the same time that other major policy responses to the pandemic were taking place, most notably the JobKeeper wage subsidy, the early release of Superannuation and free childcare.

Temporary income support measures made in response to COVID-19 were for the most part gradually reduced or removed between late September 2020 and April 2021. The conclusion of emergency COVID-19 settings was accompanied by a permanent \$50 per fortnight increase to working age payments that commenced from April 2021.

This paper summarises the major national transfer policy changes made during 2020 and early 2021, here termed the COVID-19 period (noting COVID-19-related disruption persisted beyond this time), that affected Australia's major support payments and their recipients.

Table 1 shows selected further reading that details major policy responses to COVID-19 and their impacts.

Table 1: Further reading on COVID-19 responses

COVID-19 Responses and impacts related to Families and wellbeing	<p>Australian Institute of Family Studies, Families in Australia Survey: Life during COVID-19, reports 1 – 6</p> <p>Australian Institute of Family Studies, Families in Australia Survey: Towards COVID Normal</p> <p>Australian Institute of Health and Welfare, 2021, Australia's welfare 2021 data insights, chapter 3</p>
Housing policies	<p>Leishman et al, 2022, Australian Housing and Urban Research Institute, Australia's COVID-19 pandemic housing policy responses</p> <p>Australian Institute of Health and Welfare, 2021, Australia's welfare 2021 data insights, chapter 5</p>
Unemployment benefits and the unemployment rate	<p>Whiteford and Bradbury, 2022, What's Going On? Unemployment and Income Support – before and after COVID</p> <p>Australian Institute of Health and Welfare, 2021, Australia's welfare 2021 data insights, chapter 4</p> <p>Klapdor, 2020, The impact of COVID-19 on JobSeeker Payment recipient numbers by electorate</p>
Tertiary students	Norton, 2022, Tertiary student finances under COVID-19
Early release of superannuation	Sainsbury, Breunig and Watson, 2022, COVID-19 private pension withdrawals and unemployment tenures
JobKeeper	Borland, J and Hunt, J, 2021, “Did the Australian JobKeeper Program Save Jobs by Subsidising Temporary Layoffs?” , Melbourne Institute Working Paper
State and Territory policies	Storen and Corrigan, 2020, COVID-19: a chronology of state and territory government announcements (up until 30 June 2020) , Australian Parliamentary Library
International measures	International Social Security Association, 2022, Coronavirus country measures

Data note

When describing changes to payment recipient numbers and employment earnings this paper primarily utilises administrative data from the Department of Social Services showing, per month, the total number of recipients (receiving any rate of payment except zero) for major income support payment types, the proportion with/without personal earnings by payment type, and average and median personal income from employment by payment type. This data is a lagging indicator in that figures relate to the preceding month. Public materials such as Australian Bureau of Statistics data, media releases, news articles, departmental annual reports and academic research are used to describe other changes.

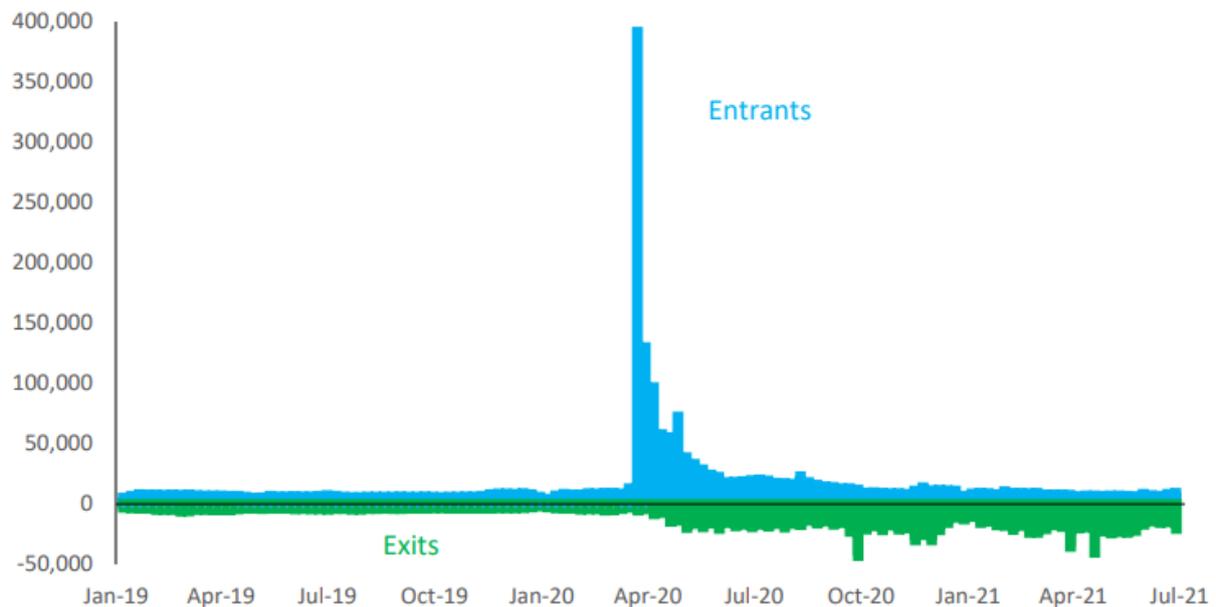
1. Changes in support payment recipient numbers

The COVID-19 lockdown restrictions progressively implemented in mid-late March 2020 and the resulting contraction in economic activity led to the fastest ever relative and absolute increase in unemployment payment recipient numbers.

In the period 20 March 2020 – 29 March 2020 alone (the commencement of the national shutdown), Services Australia received 150,000 claims for unemployment payments – 10 times more than was typical.¹

Figure 1 shows the spike in entrants to unemployment payments in early April 2020, as well as the sustained and gradual net exit of individuals as the economic situation improved.

Figure 1: Weekly number of individuals entering or leaving unemployment payments

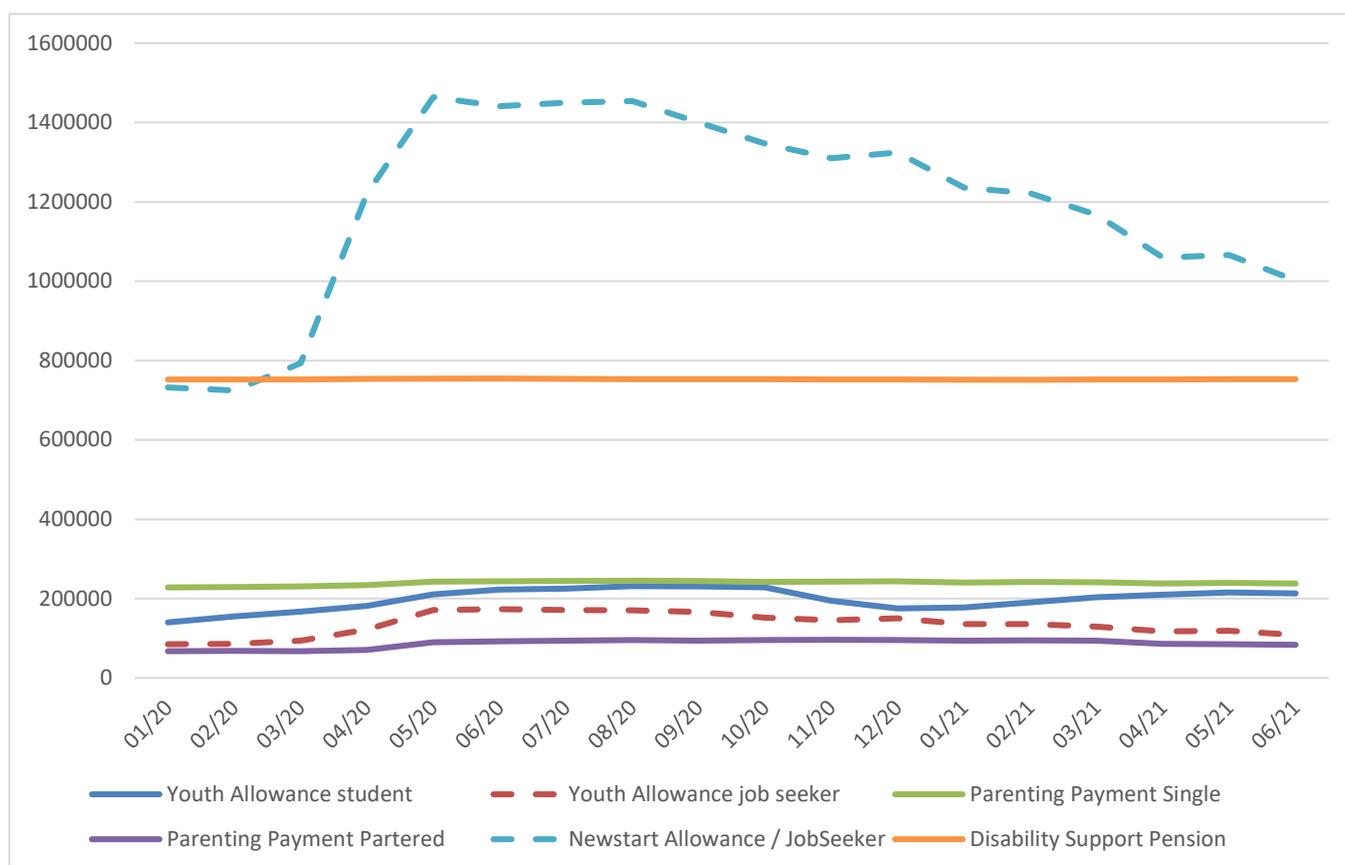


Sainsbury, Breunig and Watson, 2022, "[COVID-19 private pension withdrawals and unemployment tenures](#)". "Unemployment payments" includes Newstart/JobSeeker, Youth Allowance job seeker and Farm Household Allowance.

Figure 2 shows total recipient numbers (that is, the number of people granted and receiving any rate of that payment type except zero) for selected working age payment types over the COVID-19 period, with unemployment payments represented with dotted lines.

¹ [Services Australia Annual Report 2019-20](#), pp. 13.

Figure 2: Monthly recipient totals by payment type



Between December 2019 and May 2020 the number of people in receipt of Newstart Allowance/JobSeeker Payment² and Youth Allowance job seeker roughly doubled from around 820,000 to 1,640,000.

By June 2020 18.6% of the total working-age population was receiving an income support payment, including 9.6% receiving an unemployment payment, compared to 13.2% and 4.5% prior to the pandemic respectively.³

The increase in transfer payment recipient numbers, combined with the temporary income support policy changes described in this paper (i.e. excluding JobKeeper, free childcare and the early withdrawal of superannuation), resulted in an estimated \$46 billion in additional social security and welfare expenditure in 2019-20 and 2020-21.⁴

2. Eligibility changes

In response to COVID-19 unemployment payment eligibility requirements were expanded, reduced or waived as required to allow more individuals to access support, in particular sole traders, the self-employed and those with significant assets. Minor temporary eligibility changes

² Newstart Allowance was replaced by JobSeeker Payment on 20 March 2020.

³ Klapdor, M, 2022, [Social Security and Family Assistance](#).

⁴ Klapdor, M, 2020, [Bills Digest no. 32, 2020-21](#).

were also made to pension and parenting payments to ameliorate certain impacts of the pandemic.

Table 2 summarises major payment eligibility changes during the COVID-19 period:

Table 2: Payment eligibility changes

	Period of Effect	Affected Payments / Impact
Assets test waived	25 March 2020 – 24 September 2020	JobSeeker, Youth Allowance (student and job seeker), Parenting Payment Partnered, Parenting Payment Single, Austudy and ABSTUDY living allowance recipients no longer required to have assets below \$473,750 if single and \$605,000 combined if partnered (\$263,250 and \$394,500 respectively for homeowners).
Mutual obligations waived	22 March 2020 – 9 March 2021 (subject to local health advice and state/territory COVID-19 measures)	Mutual obligation requirements for all applicable payment types suspended, including the requirement for new claimants to agree a jobs plan with an employment service provider. Mutual obligation requirements gradually reintroduced from 28 September 2020, with regional variations and some further suspensions.
Sole Trader and self-employed eligibility	25 March 2020 – 31 March 2021	JobSeeker and Youth Allowance job seeker eligibility extended to sole traders and the self-employed, who were able to meet their mutual obligation requirements by continuing to operate their business.
Stood-down permanent employee eligibility	25 March 2020 – 31 March 2021	JobSeeker and Youth Allowance job seeker eligibility extended to permanent employees who had been stood down (full-time employees are usually ineligible to receive unemployment payments).
Required to isolate and caring for someone with COVID-19 eligibility	25 March 2020 – 31 March 2021	JobSeeker and Youth Allowance job seeker eligibility extended to those required to care for someone infected with, or in isolation as a result of, COVID-19.
Workforce independence criteria for Youth Allowance	25 March 2020 – 24 September 2020 (from 1 January 2021)	For the purposes of independence criteria for Youth Allowance, the period 25 March – 24 September 2020 was automatically counted as meeting the minimum hours worked/income earned requirements (depending on the criteria being assessed), from 1 January 2021.
Seasonal work independence criteria for Youth Allowance	1 March 2021 – 1 March 2023 (for the period 30 November 2020 – 31 December 2021)	Claimants of Youth Allowance (student) between 1 March 2021 and 1 March 2023 deemed independent if they earned at least \$15,000 from qualifying agricultural work between 30 November 2020 and 31 December 2021, so long as parental combined income was below \$160,000 (plus \$10,000 per each additional child) in either 2018-19 or 2019-20.
Portability extension	11 March 2020 – 31 March 2021	Age Pension and Disability Support Pension recipients temporarily overseas and unable to return to Australia within 26 weeks able to apply for an extension of portability if unable to return due to COVID-19, (all extensions ended by 24 September 2020). ⁵
Mobility Allowance grace period extension	12 June 2020 – 31 March 2021	The qualifying activity and travel test grace periods for Mobility Allowance were extended from 12 and 2 weeks respectively to 18 weeks.
Principal home temporary	11 March 2020 onwards (from 17 December 2020)	Recipients of all asset-tested payments (including Veterans' payments) could apply to continue to have their principal home excluded from the assets test even if

⁵ [Social Security \(Coronavirus Economic Response—2020 Measures No. 10\) Determination 2020](#).

absence extension		absent from their home for over 12 continuous months as a result of COVID-19.
Crisis Payment eligibility	25 March 2020 – 30 September 2022	Eligibility for crisis payment extended to those required to quarantine or self-isolate due to COVID-19, or those required to care for a person required to quarantine or self-isolate. Note conclusion date coincides with end of the Pandemic Leave Disaster Payment (see section 10)

Eligibility changes in response to COVID-19 were generally intended to allow affected individuals to access payment (e.g. stood down employees) or reduce perceived unfair outcomes (e.g. portability extensions for those unable to return to Australia, concessions to the Youth Allowance independence test in recognition of reduced opportunities to find work).

Total grants for Crisis Payment claims in 2019-20 were 135,000, compared to 80,000 in 2018-19 and 73,000 in 2017-18.⁶

The Minister for Social Services stated in September 2020 that it was expected 37,000 recipients would lose eligibility for payment due to the reintroduction of the assets test (including 3,600 individuals with assets over one million dollars).⁷ The Department of Social Services later confirmed that 33,668 individuals lost eligibility for payment as a result of the reintroduction of the assets test.⁸

It should be noted that in addition to the above, the partner income taper rate for JobSeeker was significantly reduced between 27 April 2020 and 1 April 2021 and the Newly Arrived Residents' Waiting Period was waived between 25 March 2020 and 31 March 2021. These changes effectively expanded eligibility for JobSeeker by enabling newly arrived residents and individuals with partners with an annual income of up to around \$80,000 to access payment (see sections 4 and 5.1).

3. Administrative and legislative changes

3.1 Temporary instrument-making powers

To enable rapid changes to income support settings in response to COVID-19 the Minister for Social Services was empowered on 23 April 2020 to change through disallowable legislative instrument the eligibility criteria and payment rates of income support payments⁹.

As a result for the remainder of 2020 changes to social security policies were generally made without the passage of legislation through parliament. These policy changes could be nullified in part or full by a majority vote in either House of Parliament, and automatically expired after 31 December 2020.

⁶ Services Australia Annual Reports, 2017-18, 2018-19 and 2019-20.

⁷ News.com.au, 2020, [More than 3000 millionaires claiming JobSeeker as new rules due to come into effect.](#)

⁸ [Community Affairs Legislation Committee](#), 15/03/2021.

⁹ [Coronavirus Economic Response Package Omnibus Act 2020](#), Section 40A.

3.2 Administrative changes

Certain administrative requirements for income support claimants were waived in response to COVID-19 to streamline access to payments for individuals, and to help manage the large and sudden increase in payment claims (see section 1).

Table 3 summarises the major administrative changes made during the COVID-19 period:

Table 3: Administrative requirements changes

Requirement	Period of effect	Effect
Intent to claim changes	23 March 2020 – 21 April 2020	Claimants back paid to up to 13 weeks from the date they first made contact with Services Australia, rather than when a successful claim is lodged with all supporting documentation.
In-person identity verification	25 March 2020 – 24 September 2020	Claimants permitted to declare identity information over the phone and upload required documents via MyGov within 6 months.
Verification of relationship status	25 March 2020 – 31 December 2020	Partnered claimants not required to have their partner confirm relationship.
Proof of rental arrangements	25 March 2020 – 24 September 2020	Claimants of Rent Assistance not required to complete a Rent Certificate or provide a formal tenancy agreement.
Proof of bank account balances	25 March 2020 – 24 September 2020	Claimants (of relevant payments) not required to show their bank account balances.
Employment Separation Certificate	25 March 2020 – 31 December 2020	Claimants (of relevant payments) not required to provide an Employment Separation Certificate.
Verification of pay slips	25 March 2020 – 31 December 2020	Claimants (of relevant payments) not required to provide pay slips.
Debt raising and collection	3 April 2020 – 3 October 2020	Six month national pause on the raising and collection of social security debts, except in cases of serious fraud. Note debt collection in some locations further paused to February 2021. ¹⁰

The timing of recipient number inflows in April, May and June 2020 suggests that at least ~85% of entrants to income support in the first half of 2020 (or ~1,075,000 individuals) benefited from the above simplified or waived administrative requirements.

For individuals, the combined effect of these administrative changes could be significant in terms of how quickly and easily income support could be accessed. For example, prior to the COVID-19 period to claim JobSeeker a partnered individual in rental accommodation who had lost their job would be required to:

- physically present to a Centrelink shopfront with three approved official documents to confirm their identity
- provide their housing tenure details (for the purposes of administering Rent Assistance)
- have their former employer confirm the amount of severance/redundancy pay they had received, and whether they had been fired for misconduct or resigned voluntarily (for the purposes of administering the Income Maintenance Period¹¹ and the Unemployment Non Payment Period)

¹⁰ [Services Australia Annual Report 2019-20](#), pp 67.

¹¹ Noting the Income Maintenance Period was not waived in response to COVID-19.

- provide their current bank account balance(s) (for the purposes of administering the Liquid Assets Test Waiting Period)
- provide their partner's formal confirmation of their relationship

Importantly, all of the above would need to be completed before their claim was taken to be lodged. That is, the claimant would not commence being paid (if found eligible) until all of the above had been completed, rather than initiated, prior to COVID-19.

In contrast between 25 March 2020 and 21 April 2020 an individual with the same circumstances was able to remotely lodge a claim for income support and (if found eligible) be back paid from the date of first contact, without the requirement to do any of the above.

Over 2,100 employees from other Commonwealth departments were redeployed to Services Australia in April 2020 to assist with processing claims.¹² A sharp decline in the proportion of rejected JobSeeker claims in the latter part of 2019-20, as shown in Table 4, suggests changed administrative and eligibility requirements were impactful.

Table 4: Finalised claims and proportion rejected, 2017-18 – 2019-20

Payment Type	Finalised claims, 2017-18		Finalised claims, 2018-19		Finalised claims, 2019-20	
	Total	% rejected	Total	% rejected	Total	% rejected
Age Pension	127,000	25.2	209,000	23.4	190,000	23.2
Disability Support Pension	104,000	70.2	91,000	62.6	102,000	58.8
Newstart Allowance	562,000	24.6	549,000	22.4	502,000	32.1*
JobSeeker Payment	-	-	-	-	1,191,000	9.7*
Parenting Payment (partnered and single)	142,000	42.3	135,000	37.8	190,000	36.8
Youth Allowance (student and job seeker) and Austudy	351,000	31.6	356,000	32	554,000	33.6

Services Australia Annual Reports, 2017-18 – 2019-20.

**Note JobSeeker Payment commenced/Newstart ended on 20 March 2020.*

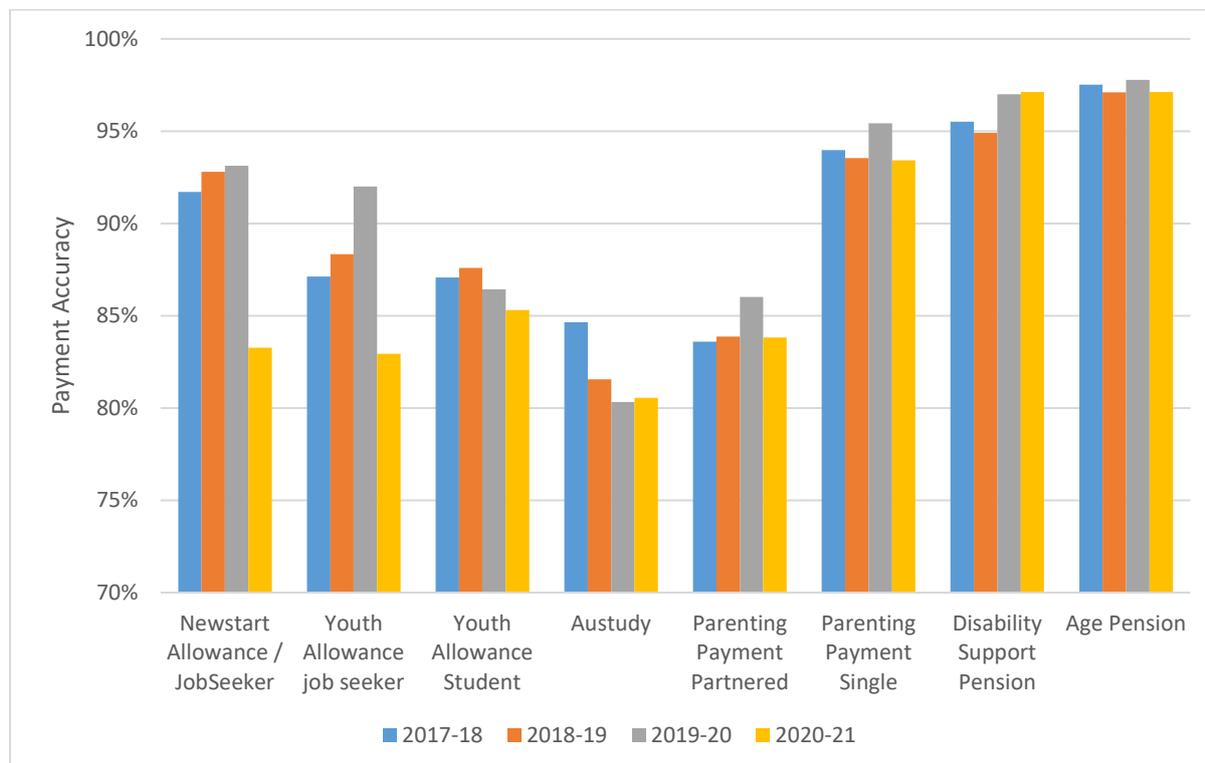
Whereas most claims for payment in 2019-20 had broadly consistent rates of rejection, the rejection rate for JobSeeker in 2019-20 (noting the introduction of JobSeeker coincided with the relaxation of eligibility and administrative requirements) was less than one third of the Newstart Allowance rejection rate for earlier in the same financial year.

The impact of COVID-19 settings are also evident in annual payment accuracy results. Similar to changes in rates of claim rejections, payment accuracy results for 2020-21 show a marked decline for the unemployment payments which experienced the greatest growth in recipient numbers during the COVID-19 period.

Figure 3 shows payment accuracy results by select payments per financial year:

¹² [Australian Public Service Commission Annual Report 2019-20](#), and [Services Australia Annual Report 2019-20](#), pp xviii.

Figure 3: Payment accuracy results by financial year, 2017/18 – 2020/21



Department of Social Services Annual Reports 2017-18 - 2020-21. "Payment accuracy" refers to an individual being paid the correct payment at the correct rate and time, and so inaccuracy does not necessarily refer to payments being made to ineligible individuals and can include underpayments. E.g. a 90% accuracy rate means 10% of the total value of outlays for that payment that financial year were inaccurate. Note confidence intervals not presented.

It can be seen that the payment types which experienced the greatest growth in 2020 also experienced the greatest declines in payment accuracy. Declines in payment accuracy following a period of relaxed administrative requirements, significantly increased demand, and temporarily elevated rates of support, are to some extent expected. It should also be noted that the spike in income support recipient numbers in the latter part of 2019-20 was not accompanied by a commensurate increase in administration costs.¹³

Considering the scale, speed and nature of the response to COVID-19 it would be surprising if payment accuracy results for JobSeeker and Youth Allowance job seeker were unaffected, and such an outcome would likely beg the question of whether there are deficiencies in payment accuracy verification processes.

4. Waiting period waivers

To enable individuals to access assistance faster, the Liquid Assets Test Waiting Period, the Ordinary Waiting Period, the Newly Arrived Residents' Waiting Period and the Seasonal Work Preclusion Period were waived for some or all of the COVID-19 period. In ordinary circumstances

¹³ Australian Institute of Health and Welfare, [Welfare Expenditure](#).

these waiting and preclusion periods delay access to income support for certain individuals considered to be capable of supporting themselves.

Table 5 summarises the waiting period changes in 2020 and 2021:

Table 5: Waiting and Preclusion Period waivers, 2020 – 2021

	Period Waived	Effect
Liquid Assets Test Waiting Period	25 March 2020 – 24 September 2020	Claimants of JobSeeker, Youth Allowance (job seeker and student), and Austudy <u>not</u> required to wait up to 13 weeks if they had readily available funds above \$5,000.
Ordinary Waiting Period	25 March 2020 – 31 March 2021	Claimants of JobSeeker, Parenting Payment Partnered, Parenting Payment Single and Youth Allowance job seeker <u>not</u> required to wait a week before payment commences.
Newly Arrived Residents' Waiting Period	25 March 2020 – 31 March 2021	Individuals who recently arrived in Australia or were recently granted permanent residence <u>not</u> required to wait between 52 – 208 weeks when claiming JobSeeker, Youth Allowance (student and job seeker), Austudy, Carer Payment, Parenting Payment Partnered and Parenting Payment Single.
Seasonal Work Preclusion Period¹⁴	25 March 2020 – 31 March 2021	Claimants of JobSeeker, Youth Allowance (student and job seeker), Austudy, Disability Support Pension, Carer Payment, Parenting Payment Partnered and Parenting Payment Single who had undertaken seasonal or intermittent work <u>not</u> required to wait before being eligible to be paid (waiting period length determined by amount of seasonal income, with no upper limit).

The commencement of the above waivers immediately prior to the steep growth in unemployment payment recipient numbers suggests the majority of new income support recipients in the first half of 2020 (up to ~85%) benefited from one or more of the waivers.

Given its broad applicability, the waiver of the Ordinary Waiting Period affected the greatest number of individuals. However, the concurrent changes to eligibility criteria (see section 2), in particular the waiving of the assets test, suggests the Liquid Assets Test Waiting Period waiver was similarly impactful as new entrants may have been more likely to have readily available funds over \$5,000 (with the full 13 week waiting period applicable to single claimants without children with liquid assets over \$11,500). Between late September 2020 and February 2021 (i.e. after the end of the waiver) 9.7% of all applicable claimants were subject to the Liquid Assets Test Waiting Period, of which 18.6% were subject to the maximum 13 weeks.¹⁵

A total of 56,300 individuals benefitted from the waiver of the Newly Arrived Residents' Waiting Period. When the Newly Arrived Residents' Waiting Period waiver took effect individuals currently serving the waiting period were able to access income support, and the waiver period was subsequently counted towards completing the waiting period once the waiver ceased. At the end of February 2021 35,100 recipients were benefiting from the Newly Arrived Residents' Waiting Period waiver.¹⁶

¹⁴ A preclusion period refers to a period of time where an individual is not able to access payment, whereas a waiting period refers to the period where an individual has been found eligible for payment but payment is delayed.

¹⁵ [Community Affairs Legislation Committee](#), 15/03/2021.

¹⁶ *Ibid.*

Once reinstated, individuals already receiving income support were not required to serve any part of a Liquid Assets Test Waiting Period, Ordinary Waiting Period or Seasonal Work Preclusion Period they may otherwise have been subject to.

Not all waiting, preclusion and exclusion periods were waived in response to COVID-19. The Industrial Action Exclusion Period (related to unemployment resulting from industrial action), the Lump Sum Preclusion Period (related to compensation payments), and the Income Maintenance Period (related to leave and redundancy payments) remained in effect.

5. Income test changes

Consistent with other COVID-19 temporary measures, changes to income test settings (that is, how private income affects a recipient's eligibility for and rate of payment) were generally made more generous at the onset of COVID-19 and returned to normal as restrictions were eased.

5.1 Partner income test changes for JobSeeker

The partner income test for JobSeeker Payment was made significantly more generous between 27 April 2020 and 31 March 2021. Prior to 27 April 2020 partner income for JobSeeker/Newstart recipients reduced their rate of support by 60 cents in the dollar once partner income exceeded the 'partner income free area'¹⁷.

The partner income free area for most JobSeeker recipients at the end of March 2020 was \$994 per fortnight with a base rate of payment of \$518.70 per fortnight (including Energy Supplement), meaning individuals generally started to receive a nil rate of payment (the 'cut out' point) once their partner's income exceeded \$1,845.33 per fortnight (equivalent to \$47,978.58 per annum)¹⁸.

The JobSeeker partner income taper rate was reduced from 60 cents to 25 cents in the dollar from 27 April 2020. This increased the cut out point to \$3,037.20 per fortnight (\$78,967.20 per annum).

From 25 September 2020 until 31 March 2021 the JobSeeker partner income taper rate was increased to 27 cents in the dollar, slightly increasing the cut out point to \$3,086.10 per fortnight (\$80,238.60 per annum).¹⁹ The cut out point after 25 September 2020 increased slightly despite a less generous taper rate due to regular indexation and, in particular, the temporary increase in the Income Free Area implemented at the same time (see section 5.2), which had the effect of increasing the partner income free area.

Table 6 shows changes to the Jobseeker partner income taper rate during the COVID-19 period, fortnightly cut out point and annual cut out point equivalent:

¹⁷ The partner income free area is equal to the amount of income it would take to reduce a partnered person's income support payment to nil (regardless of whether they are receiving income support or not). Note pension payments are subject to a different partner income test.

¹⁸ Noting these limits may be increased by supplementary payments such as Rent Assistance.

¹⁹ Services Australia, [A guide to Australian Government payments 25 September to 31 December 2020](#)

Table 6: JobSeeker Payment partner taper rate and minimum cut out amounts

	Taper rate	Fortnightly cut out	Cut out per annum
Prior to 27 April 2020	60 cents	\$1,858.50	\$48,321.00
27 April 2020 – 24 September 2020	25 cents	\$3,068.80	\$79,788.80
25 September 2020 – 31 March 2021	27 cents	\$3,086.12	\$80,239.12
1 April 2021 onwards	60 cents	\$2,079.50	\$54,067.00

Figures are calculated using the applicable maximum basic rate and Energy Supplement only and would be higher if the individual or their partner received a higher payment rate or other income-tested supplementary payments. Lower cut outs may apply if the recipient's partner was aged under 22. Figures assume no self-earnings for the recipient. Per annum cut outs are for comparison purposes only as income testing is undertaken each fortnight.

To outline the impact of this change Table 7 shows Australian Bureau of Statistics data for the distribution of weekly earnings for the total workforce from their main job for August 2020, as well as whether this income level would allow their unemployed partner to receive JobSeeker.

Table 7: Employed persons by weekly earnings from main job, August 2020

Weekly earnings in main job	Annualised weekly earnings from main job	Individuals	Above/below minimum JobSeeker partner income limit, 2020/21
Under \$400	Under \$20,800	975,568	Below
\$400 to less than \$600	\$20,800 - <\$31,200	717,136	Below
\$600 to less than \$800	\$31,200 - <\$41,600	1,352,895	Below
\$800 to less than \$1,000	\$41,600 - <\$52,000	1,178,555	Below from April 2020 onwards
\$1,000 to less than \$1,200	\$52,000 - <\$62,400	1,226,754	Below between April 2020 – March 2021
\$1,200 to less than \$1,400	\$62,400 - <\$72,800	1,006,146	Below between April 2020 – March 2021
\$1,400 to less than \$1,600	\$72,800 - <\$83,200	861,452	Mostly below between April 2020 – March 2021
\$1,600 to less than \$1,800	\$83,200 - <\$93,600	657,861	Above
\$1,800 to less than \$2,000	\$93,600 - <\$104,000	485,920	Above
\$2,000 and over	Above \$104,000	1,962,011	Above

Characteristics of Employment, August 2020, ABS Cat. No. 6333.0. Note the use of weekly rather than fortnightly figures. Annualised weekly earnings are for comparison and are derived. Partner income limits assume no self-earnings for the recipient.

Noting that the above excludes partner and other income sources, and that cut out points vary depending on personal circumstances, weekly earnings figures for August 2020 suggest the partner income taper rate change enabled around 3 million persons (or ~30% of all employed persons) to potentially have a partner receiving a part-rate of JobSeeker Payment²⁰. A partnered recipient receiving a part rate of income support would be entitled to the full Coronavirus Supplement over this period (see section 7).

²⁰ Noting all other eligibility and playability criteria would have to be met such as income, assets and residency tests.

5.2 Income free area changes for JobSeeker Payment and Youth Allowance Job seeker

Between 25 September 2020 and 31 March 2021 the income free area for JobSeeker Payment and Youth Allowance job seeker was temporarily made significantly more generous, and from 1 April 2021 was made permanently more generous compared to pre-COVID-19 settings.

The income free area is the amount of income a recipient can earn each fortnight before their payment starts to taper off. Table 8 shows changes to income free areas over late 2020 and early 2021.

Table 8: Income free area changes during COVID-19

	Prior to 25 September 2020		25 September 2020 – 31 March 2021		1 April 2021 onwards	
	Free Area	Taper**	Free Area	Taper	Free Area	Taper**
Newstart / JobSeeker Payment*	\$106	50c / 60c	\$300	60c	\$150	50c / 60c
Youth Allowance job seeker	\$143	50c / 60c	\$300	60c	\$150	50c / 60c

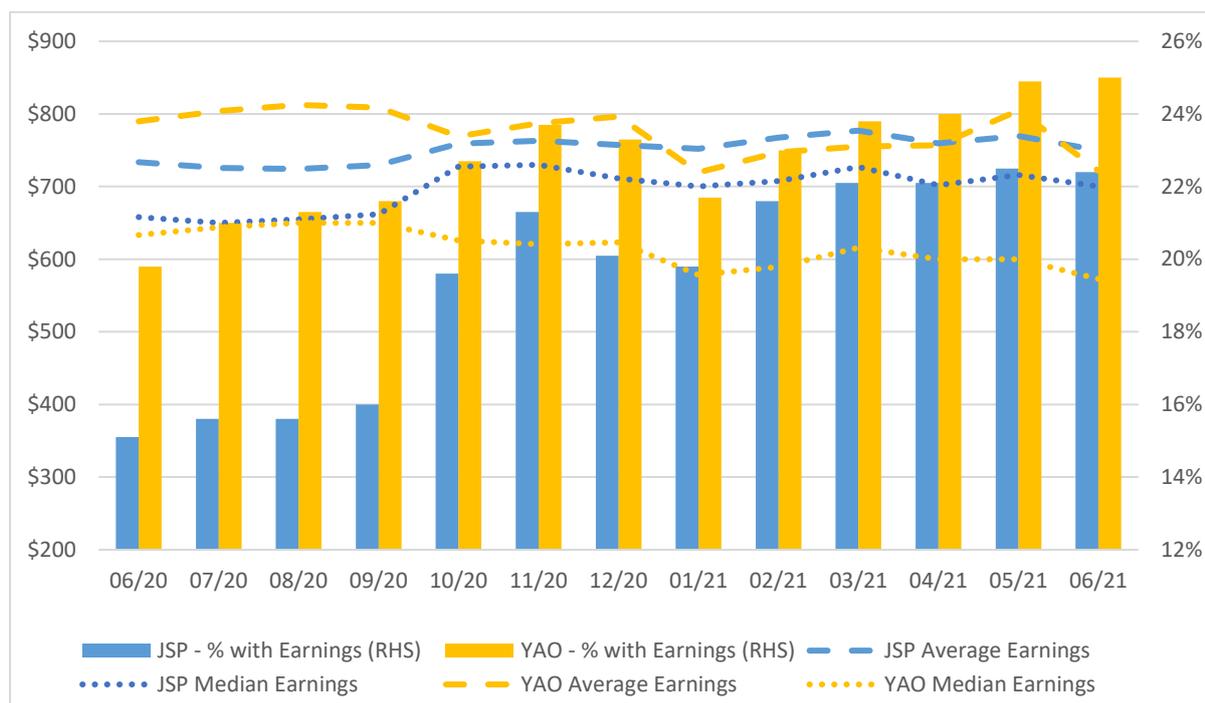
**Single principal carers have a single 40c taper rate and were not subject to the September 2020 changes and so retained a \$106 income free area over this period. From April 2021 single principal carers received the \$150 income free area but retained a single 40c taper rate. **the 50c taper rate applies to income above the income free area and below \$256 for JobSeeker and \$250 for Youth Allowance job seeker (April 2021). All amounts presented are fortnightly.*

No other payments saw temporary changes to their income free areas between September 2020 and March 2021. Under the permanent changes from 1 April 2021 the \$150 income free area for JobSeeker Payment and Youth Allowance job seeker was also applied to Parenting Payment Partnered, and indexation of the income free area was removed (formerly indexed to the Consumer Price Index).

The introduction of the \$300 per fortnight income free area occurred alongside a range of other changes, notably a step down in the rate of JobKeeper and a revised eligibility test for employers (see section 8) and a \$300 per fortnight reduction in the value of the Coronavirus Supplement (see section 7).

Figure 4 shows earnings for Newstart/JobSeeker Payment and Youth Allowance job seeker over the \$300 income free area period:

Figure 4: JobSeeker (JSP) and Youth Allowance job seeker (YAO) personal earnings from employment during temporary \$300 Income Free Area period (9/20 - 3/21)



It can be seen that the introduction of the \$300 income free area was followed by an increase in the proportion of JobSeeker recipients with earnings, with the proportion nearly returning to the 2019 (i.e. pre COVID-19) average of 23%. In contrast earnings proportions for Youth Allowance job seeker equal or exceeded the 2019 average of 21.7% over the entire \$300 income free area period.

5.3 Nil rate period extension

The nil rate period was extended between 22 June 2020 and 16 April 2021, meaning that in general recipients who took up paid employment during this period were able to resume receiving income support without reapplying if their income was later sufficiently reduced.

The nil rate period refers to a period of six fortnights within which an individual can earn enough income to reduce their income support payment to zero without losing eligibility for payment. If during a nil rate period a recipient's private income reduces enough that they are entitled to any amount of income support then their payment automatically resumes without the requirement to reapply (including the requirement to potentially serve one or more waiting periods). For the duration of the nil rate period recipients retain access to their concession card and are still required to report their income to Centrelink every fortnight.

During the nil rate period extension recipients of any payment (excluding Special Benefit) would generally remain eligible for payment regardless of employment income so long as they continued to report to Centrelink each fortnight.²¹ Recipients on a nil rate of payment were not eligible for the Coronavirus Supplement but could receive Economic Support Payments, if eligible (see sections 6 and 7).

²¹ Exceptions to this includes JobSeeker recipients taking up full-time work and Carer Payment recipients who commence working in excess of 25 hours per week.

An individual already in the fifth week of their nil rate period on 22 June 2020 could potentially remain on a nil rate up to 16 April 2021. Conversely, an individual who had exceeded six fortnights of nil rate (including during the extension period) immediately lost eligibility for payment after 16 April 2021.

The nil rate period extension was initially only until August 2020, but was later extended until November 2020, then December 2020 and finally to 16 April 2021. The rationale for extending the nil rate period was to remove any potential disincentives for recipients to reengage with the labour market²², however it should be noted that the extension covered the full period in which the JobKeeper wage subsidy was in operation (with the extension beginning exactly six fortnights after the commencement of JobKeeper).

Administrative data kept by the Department of Social Services generally excludes recipients on a zero rate of payment and so available data is unsuited for assessing the impact of the nil rate period extension on recipient numbers. However, taking full advantage of the extension period would entail reporting income to Centrelink and receiving a nil payment up to 27 times, and since January 2021 JobKeeper had been reduced to amounts that for the vast majority of recipients would allow them to receive a part-rate of payment (see section 8).

5.4 Commencement of the Simplifying Income Reporting measure

The commencement of shifting from an ‘income earned’ to an ‘income paid’ model of employment income assessment was deferred in response to COVID-19 from 1 July 2020 to 7 December 2020. Announced as part of the 2019-20 Budget, under the measure income support recipients would switch to reporting to Centrelink the income from employment they have been paid by each employer each entitlement period (i.e. as reflected on their payslip), rather than reporting the total value of the income-earning activities they had undertaken each entitlement period (i.e. the value of shifts worked that fortnight, including weekend rates, overtime etc.).

The *Simplifying Income Reporting* measure was originally set to commence at the same time employers began regularly reporting additional payroll information to government through Single Touch Payroll, which would then be used to prefill income information for recipients when reporting to Centrelink. However in response to COVID-19 the date at which employers were required to begin reporting these additional data fields was delayed from 1 July 2020 to 1 January 2022.²³

The shift to assessing employment income once paid did not entail changes to eligibility or rates of payment, or incentives to take up work. As such it is unlikely the deferred commencement had a large impact on recipient numbers or earnings.

6. Economic Support Payments

To help income support recipients meet expenses during the pandemic four one-off Economic Support Payments were made during the COVID-19 period:

²² [Social Security \(Coronavirus Economic Response—2020 Measures No. 16\) Determination 2020.](#)

²³ [Taxation Administration – Single Touch Payroll – Amounts to be Notified Determination 2021.](#)

Table 9: Economic Support Payment settings

Date paid from	Amount	Paid to	Additional Criteria
31 March 2020	\$750	All income support payment recipients (including those at a nil rate), Family Tax Benefit recipients, pensioner concession card holders, Commonwealth seniors health card holders, Veteran Gold Card holders, veteran service pension recipients, veteran payment recipients (including those at a nil rate), veteran income support supplement recipients, veteran compensation payments recipients (including lump sum payments), war widow(er) pension recipients, DVA education scheme recipients, and farm household allowance recipients.	Recipient must be residing in Australia and receiving qualifying payment for at least one day between 12 March 2020 to 13 April 2020.
13 July 2020	\$750	As above – all social security and veterans’ payments, Family Tax Benefit, farm household allowance, pensioner concession card, commonwealth seniors’ health card and commonwealth gold card recipients.	Recipient must be residing in Australia and receiving qualifying payment on 10 July 2020. Not paid to recipients of the Coronavirus Supplement.
30 November 2020	\$250	Recipients of the Age Pension, Disability Support Pension, Carer Payment, Carer Allowance (not in receipt of an income support payment), Family Tax Benefit (where not already in receipt of an income support payment attracting an economic support payment or the coronavirus supplement), veterans’ payments (per the above), the commonwealth seniors’ health card, the pensioner concession card and the veteran gold card.	Recipient must be residing in Australia and receiving qualifying payment on 27 November 2020.
1 March 2021	\$250	As above, with the exception that commonwealth seniors’ health card and pensioner concession card recipients must not be in receipt of an income support payment attracting an Economic Support Payment or the Coronavirus Supplement.	Recipient must be residing in Australia and receiving qualifying payment on 26 February 2021.

The target cohorts for Economic Support Payments changed as the response to the pandemic matured. After initially being paid to essentially all transfer payment recipients, Economic Support Payments were made mutually exclusive with the Coronavirus Supplement after its introduction.

The later Economic Support Payments were paid at roughly the same time the Coronavirus Supplement was extended, and again directed to groups not receiving the supplement. An additional \$250 one-off “cost of living” payment, similar to the initial Economic Support Payments, was made to all income support recipients and certain concession card holders in April 2022.

While for some individuals there may have been a short-term financial benefit in switching from a pension payment to a payment type that attracted the Coronavirus Supplement, for example moving from Disability Support Pension to JobSeeker Payment, such population transfers are not apparent in changes to aggregate payment type recipient numbers over the period.

All Economic Support Payments were non-taxable and were excluded from income testing (i.e. amounts neither reduced base rates of payment nor increased cut out points). Income support recipients reduced to a nil rate of payment, including as a result of JobKeeper income, were still eligible to receive the Economic Support Payment and it should be noted the nil rate period was extended between 22 June 2020 and 16 April 2021 (see section 5.3).

7. Coronavirus Supplement

The Coronavirus Supplement (also known as the COVID-19 supplement), announced in late March 2020, was paid to recipients of working age payments in recognition of additional impediments to finding work during COVID-19. It was extended twice at progressively lower rates before ending from 1 April 2022.

Table 10 summarises Coronavirus Supplement settings under its different iterations:

Table 10: Coronavirus Supplement settings

Period of effect	Amount	Eligible payment types
27 April 2020 – 24 September 2020	\$550	JobSeeker Payment, Youth Allowance student, Youth Allowance job seeker, Parenting Payment Partnered, Parenting Payment Single, Sickness Allowance, Austudy, ABSTUDY living allowance, Widow Allowance, Partner Allowance, Farm Household Allowance, Special Benefit, Veterans' student payments
25 September 2020 – 31 December 2020	\$250	
1 January 2021 – 31 March 2021	\$150	

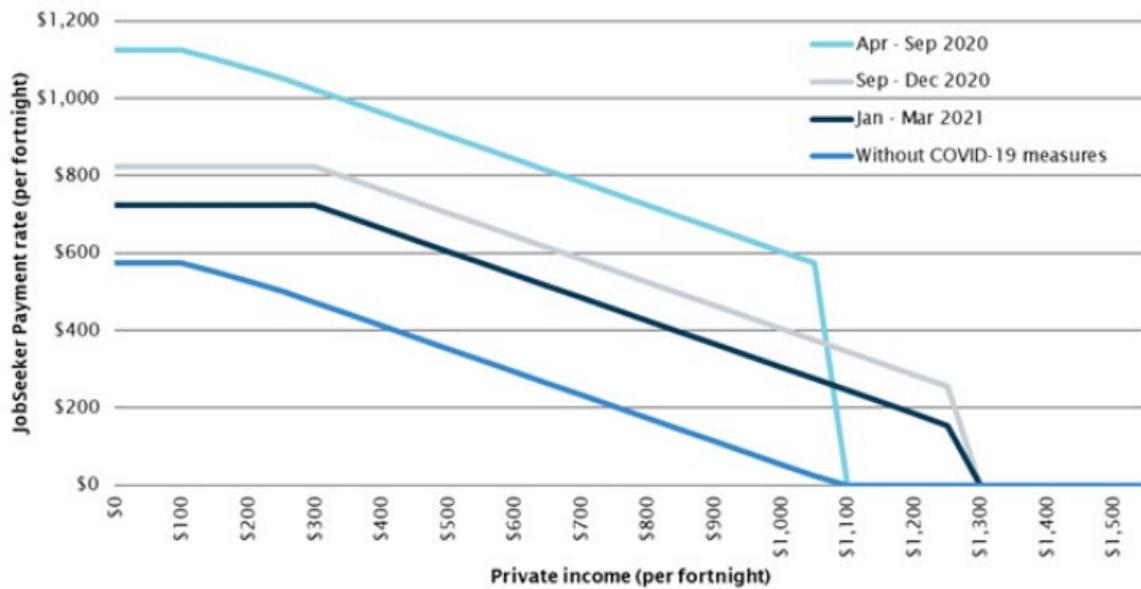
The Coronavirus Supplement was originally limited to unemployment payments only, but was extended to student payments through legislative instrument on 23 March 2020 (prior to its commencement).

The Coronavirus Supplement was taxable and paid in full so long as the individual's qualifying support payment was payable for that fortnight (at any rate excluding zero) for at least one day of the supplement's period of effect. This meant, for example, that a JobSeeker recipient whose fortnightly entitlement period was 30 March 2021 – 12 April 2021 would still receive the full Coronavirus Supplement for that period, even if their payment had been reduced to \$1 as a result of private earnings.

The exclusion of the Coronavirus Supplement from the income test meant that an individual experienced the sudden loss of the entire supplement once their underlying payment was reduced to nil. A large overall reduction in income when exiting income support (until private earnings exceeded the Coronavirus Supplement amount) created a potentially significant workforce disincentive.

Figure 5 demonstrates the disincentive income "cliffs" that resulted from the exclusion of the Coronavirus Supplement from the income test between April 2020 and March 2021. Note that Figure 4 also demonstrates the effect of the temporary \$300 income free area between 25 September 2020 and 31 March 2021 (see section 5.2).

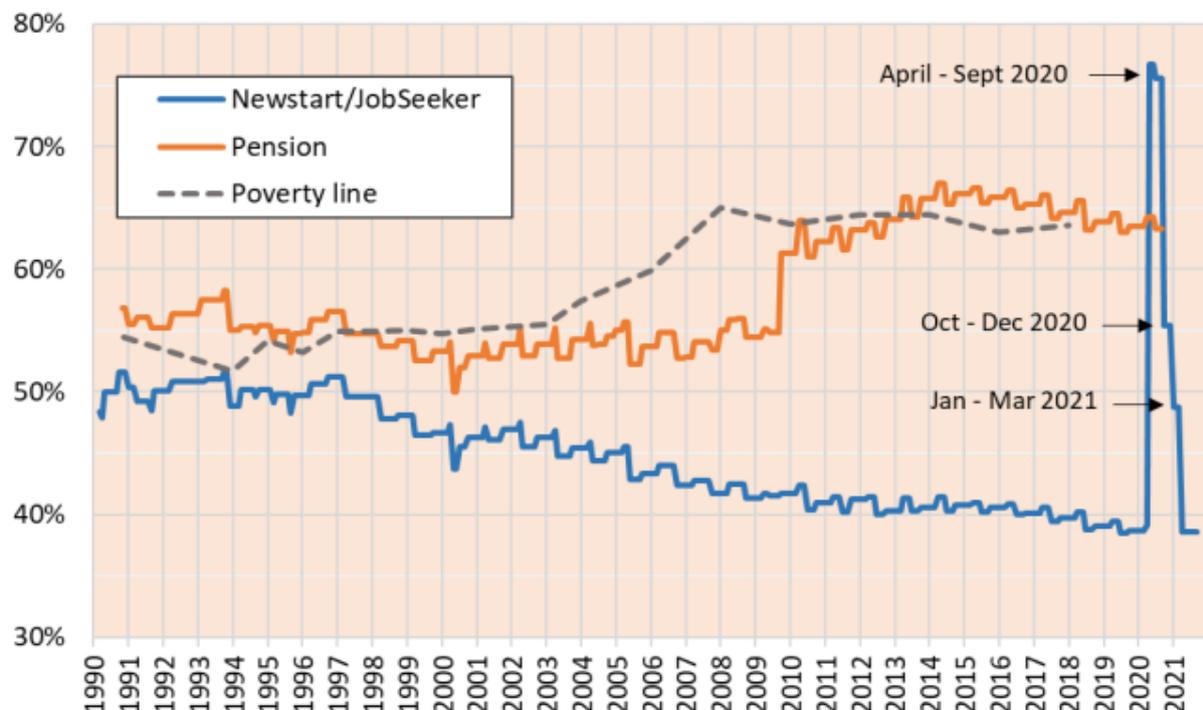
Figure 5: JobSeeker withdrawal during COVID-19 period



Klapdor, M, 2020, [Social Services and Other Legislation Amendment \(Extension of Coronavirus Support\) Bill 2020](#).

It should be noted that the Coronavirus Supplement significantly increased the value of JobSeeker Payment (and other affected payments) relative to the national minimum wage, pension payments and the poverty line (when defined as 50% of median equivalised household income). Figure 6 demonstrates the scale of these changing relativities.

Figure 6: JobSeeker Payment with Coronavirus Supplement as a proportion of the national minimum wage

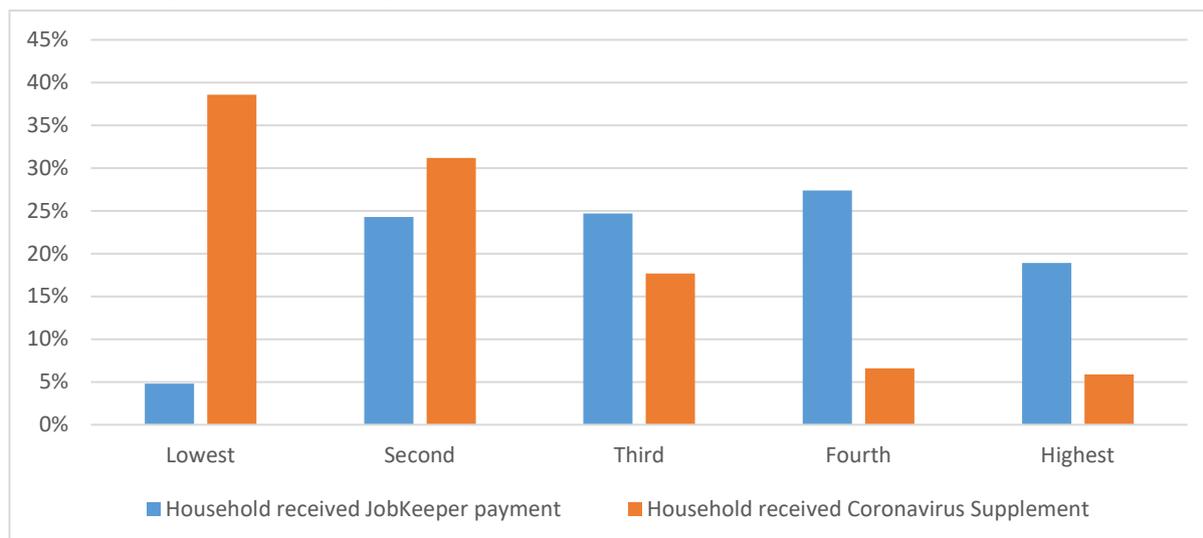


Bradbury and Whiteford, 2020, [Submission to the Inquiry into the Social Services and Other Legislation Amendment \(Extension of Coronavirus Support\) Bill 2020](#), accessed 14/06/2021. Income support rates are base rates without supplements for a single adult. Figures are shown relative to net income when receiving the full-

time minimum wage and deducting tax and the medicare levy and adding superannuation contributions. Poverty line is half of median equivalised household income.

As a result of being contingent on receipt of an unemployment, parenting or student payment, the Coronavirus Supplement was much more targeted towards those on a low income compared to the other major policy to support impacted employees, the JobKeeper wage subsidy (see section 8). Figure 7 shows household receipt of JobKeeper and the Coronavirus Supplement by equivalised private income quintile.

Figure 7: Household receipt of the Coronavirus Supplement and JobKeeper by equivalised private income quintile



Australian Bureau of Statistics, 2021, [Household Financial Resources, September 2020](#).

8. JobKeeper and income support

The JobKeeper payment was a temporary wage subsidy introduced in response to COVID-19 available to employers to help meet the costs of maintaining staff. JobKeeper commenced being paid from 30 March 2020 and was further extended over two phases, and comprised the largest program in the fiscal response to COVID-19.

JobKeeper was paid by the Australian Tax Office (ATO) to employers (noting employers were required to pay the full subsidy to eligible employees) and was not an income-tested social security payment. Nonetheless for many recipients JobKeeper comprised a de facto transfer payment with Treasury analysis suggesting around a quarter of JobKeeper recipients experienced an increase in income under the first phase of the scheme²⁴.

Table 11 summarises the key details of the three iterations of JobKeeper:

²⁴ Treasury, 2020, [The JobKeeper Payment: Three-month review](#), pp. 27.

Table 11: JobKeeper rate and eligibility settings

JobKeeper phase one	
Duration	Payments made on a fortnightly basis for the period 30 March 2020 – 27 September 2020
Payment Level	Flat taxable payment of \$1,500 per fortnight per eligible employee. Amounts passed on in full to employees by employers regardless of hours worked. Amounts could exceed \$1,500 if consistent with regular pay arrangements.
Employer Eligibility	Actual or projected decline in turnover compared to comparable period in 2019 of 15, 30 or 50 per cent depending on business type and size. Certain organisations specifically excluded.
Worker Eligibility	For eligible businesses, all full-time, part-time and casual employees who have been continually employed for 12 months or more, are Australian residents or New Zealanders on Special Category 444 visas, and (in most cases) aged 18 and above. Certain sole traders also eligible.
JobKeeper extension one	
Duration	Payments made on a fortnightly basis for the period 28 September 2020 – 3 January 2021
Payment Level	<i>Tier one rate:</i> Taxable payment of \$1,200 per fortnight if the employee worked 80 hours or more in the four weeks before either 1 March 2020 or 1 July 2020. <i>Tier two rate:</i> Taxable payment of \$750 per fortnight for employees who did not meet the tier one criteria.
Employer Eligibility	Actual decline in turnover compared to comparable period in 2019 of 15, 30 or 50 per cent depending on business type and size. Certain organisations specifically excluded.
Worker Eligibility	Unchanged.
JobKeeper extension two	
Duration	Payments made on a fortnightly basis for the period 4 January 2021 – 28 March 2021
Payment Level	<i>Tier one rate:</i> Taxable payment of \$1,000 per fortnight if the employee worked 80 hours or more in the four weeks before either 1 March 2020 or 1 July 2020. <i>Tier two rate:</i> Taxable payment of \$650 per fortnight for employees who did not meet the tier one criteria.
Employer Eligibility	Actual decline in turnover compared to comparable period in 2019 of 15, 30 or 50 per cent depending on business type and size. Certain organisations specifically excluded.
Worker Eligibility	Unchanged.

At the time JobKeeper was implemented the national minimum wage was \$1,481.60 per fortnight and the base single rate of JobSeeker Payment plus the temporary Coronavirus Supplement was \$1,115.70. Australian Bureau of Statistics data suggests approximately 16 per cent of all employed persons earned \$1,500 or less per fortnight prior to COVID-19.²⁵

Table 12 shows the number of JobKeeper recipients for each month of the scheme's operation compared to the total number of employed persons and unemployment payment recipients:

²⁵ [Characteristics of Employment, August 2020](#), ABS Cat. No. 6333.0.

Table 12: JobKeeper Recipients and Total Employment

JobKeeper phase one		JobKeeper extension one		JobKeeper extension two
Date	Number of JobKeeper recipients	Persons employed	JobKeeper recipients as a % of persons employed	Number of JobSeeker and YA job seeker recipients
April 2020	3,368,680	12,413,000	27.2	1,182,372
May 2020	3,580,365	12,192,600	29.4	1,406,651
June 2020	3,639,526	12,392,500	29.4	1,362,181
July 2020	3,659,934	12,471,900	29.3	1,358,836
August 2020	3,642,790	12,562,700	29.0	1,361,194
September 2020	3,610,916	12,567,100	28.7	1,306,093
October 2020	1,633,406	12,735,400	12.8	1,199,726
November 2020	1,606,673	12,881,700	12.5	1,141,599
December 2020	1,569,009	12,995,500	12.1	1,173,035
January 2021	1,087,037	12,734,800	8.5	1,097,391
February 2021	1,072,520	13,036,200	8.2	1,062,062
March 2021	1,031,848	13,062,800	7.9	1,007,717

Borland, J and Hunt, J, 2021, [Did the Australian JobKeeper Program Save Jobs by Subsidising Temporary Layoffs?](#)

It can be seen that JobKeeper numbers declined sharply following the first and second extensions in response to changes to employer eligibility requirements and the economic recovery from COVID-19. It can also be seen that decreases in unemployment payment recipient numbers were proportionally smaller over the same period.

In July 2020 Treasury forecasted around 245,000 individuals would receive both JobKeeper and JobSeeker²⁶. At the end of March 2021 37,000 individuals were receiving both JobKeeper and JobSeeker Payment, suggesting around 15% of JobSeekers with employment were receiving JobKeeper at that time.²⁷

While individuals were entitled to receive both income support and JobKeeper if they met the relevant eligibility criteria, in practice the vast majority of income support recipients were excluded from receiving both under the first iteration of JobKeeper as a result of income testing.

Income from JobKeeper reduced the amount of income support payable in the same way as employment income. As a result most, but not all, JobKeeper recipients on income support had their payment reduced to zero during the first phase of JobKeeper (and so generally ceased being included in Department of Social Services administrative data).

Table 13 shows fortnightly income limits for selected payment types and rates in 2020 and early 2021 with reference to whether the limit exceeded the relevant JobKeeper amount at that time:

²⁶ Australian Financial Review, 2020, [JobKeepers can 'double-dip' on JobSeeker](#).

²⁷ [Community Affairs Legislation Committee](#), 15/03/2021.

Table 13: Typical fortnightly income cut out limits (personal income) and JobKeeper amounts

Can receive initial JobSeeker amount and retain eligibility	Can receive applicable JobSeeker tier one rate and retain eligibility	Can receive applicable JobSeeker tier two rate and retain eligibility	
	Typical personal income limit before payment reduced to nil		
	March 2020 / JobKeeper phase one	September 2020 / JobKeeper extension one	January 2021 / JobKeeper extension two
JobSeeker			
No children	\$1,086.50	\$1,257.50	\$1,257.50
Partnered	\$993.50	\$1,164.50	\$1,164.50
With dependent children	\$1,164.84	\$1,335.84	\$1,335.84
Principal carer with dependent children	\$1,673.25	\$1,675.25	\$1,675.25
Principal carer with mutual obligations exemption	\$2,124.75	\$2,134.25	\$2,134.25
Aged 60 or over after nine months on payment	\$1,175.17	\$1,346.17	\$1,346.17
Youth Allowance – job seeker			
Single, under 18, living at home	\$589.34	\$728.50	\$728.50
Single, over 18, living at home	\$676.17	\$815.34	\$815.34
Living away from home, single or partnered, no dependent children	\$943.34	\$1,082.50	\$1,082.50
Partnered with dependent children	\$1,020.17	\$1,159.34	\$1,159.34
Single with dependent children	\$1,186.17	\$1,325.34	\$1,325.34
Principal carer with mutual obligations exemption	\$1,508.00	\$1,652.17	\$1,652.17
Youth Allowance – Student and Austudy			
Single, under 18, living at home	\$880.00	\$880.00	\$880.00
Single, over 18, living at home	\$966.84	\$966.84	\$966.84
Living away from home, single or partnered, no dependent children	\$1,234.00	\$1,234.00	\$1,234.00
Partnered with dependent children	\$1,310.84	\$1,310.84	\$1,310.84
Single with dependent children	\$1,476.84	\$1,476.84	\$1,476.84
Principal carer with mutual obligations exemption	\$1,508.00	\$1,652.17	\$1,652.17
Parenting Payment			
Single	\$2,209.35 (plus \$24.60 for each additional child)	\$2,220.85 (plus \$24.60 for each additional child)	\$2,220.85 (plus \$24.60 for each additional child)
Partnered, partner not receiving a pension	\$1,987.50 (combined)	\$2,160.50 (combined)	\$2,160.50 (combined)
Partnered, partner receiving a pension	\$1,987.00 (combined)	\$1,991.00 (combined)	\$1,991.00 (combined)
Age Pension and Disability Support Pension			
Single	\$2,062.60	\$2,066.60	\$2,066.60
Partnered	\$3,155.20 (combined)	\$3,163.20 (combined)	\$3,163.20 (combined)
Disability Support Pension aged under 21			
Aged 16 – 17, single, dependent	\$968.40	\$972.40	\$972.40
Aged 18 – 20, single, dependent	\$1,072.60	\$1,076.60	\$1,076.60
Aged 16 – 20, single, independent	\$1,393.40	\$1,397.40	\$1,397.40
Aged 16 – 20, partnered	\$2,734.40 (combined)	\$2,742.40 (combined)	\$2,742.40 (combined)

Can receive initial JobSeeker amount and retain eligibility	Can receive applicable JobSeeker tier one rate and retain eligibility	Can receive applicable JobSeeker tier two rate and retain eligibility
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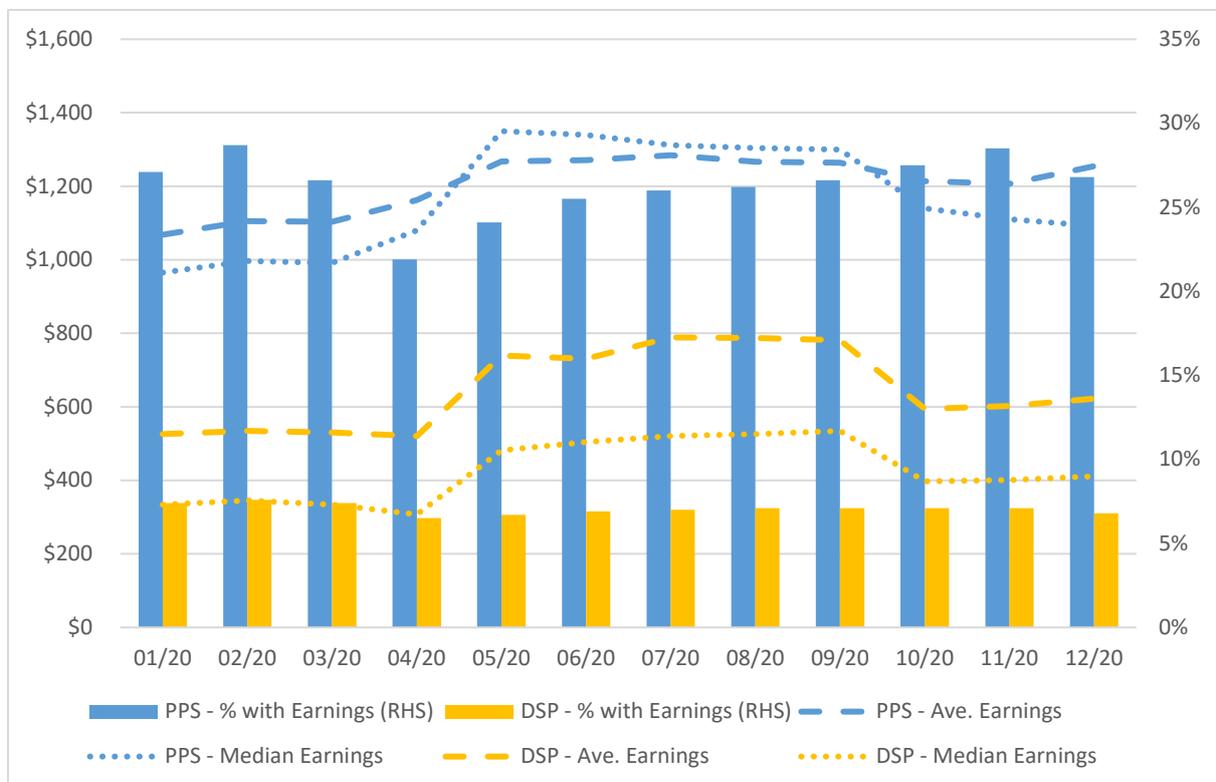
“Combined” refers to payments with a joint income test (as opposed to sequential) whereby self and partner income is applied consistently. Cut outs are taken from the Australian Guide to Government Payments and include universal or near-universal supplements for certain payment rates. Cut outs do not include Rent Assistance or other targeted income-tested supplements and as such should be considered indicative typical lowest cut out points for each payment rate.

Under the first iteration of JobKeeper generally only parenting and pension payments had a cut out point sufficient to accommodate the wage subsidy, but as the amount of JobKeeper was progressively reduced (and to a lesser extent, as cut outs increased) a larger share of income support payment rates could be paid at a part rate during receipt of JobKeeper.

Under the second extension of JobKeeper, generally only dependent youth rate recipients would receive a nil rate of income support if they received the tier one rate. It should also be noted that for the JobKeeper period and for a short period subsequently the nil rate period was extended, meaning individuals reduced to a nil rate of income support generally did not need to reapply to resume their payment after JobKeeper ended (see section 5.3).

Within aggregate earnings data, receipt of income from the first phase of JobKeeper is most apparent for those payment types both able to accommodate the amount without being reduced to a zero rate (as recipients on a zero rate of payment are excluded from the dataset) and with recipients likely to be employed long term on a casual or part-time basis. Figure 8 shows reported employment rates and earnings for two such payment types.

Figure 8: Parenting Payment Single (PPS) and Disability Support Pension (DSP) personal earnings from employment over 2020



The effect of JobKeeper can be seen in the jump in earning amounts between May and September even as the proportion of recipients with earnings declines. It is notable that median

earnings for Parenting Payment Single exceed average earnings for this period, suggesting a high proportion of recipients who retained employment income during this period received JobKeeper. A Parenting Payment Single recipient receiving JobKeeper would also receive the full Coronavirus Supplement (see section 7), suggesting a total fortnightly income of at least \$2,315.54 over this period for these individuals²⁸.

In contrast, the effect of JobKeeper is less apparent in earnings data for those payment types which generally did not allow recipients to receive the first phase of JobKeeper while remaining on payment. Figure 9 shows reported employment rates and earnings for two such payment types.

Figure 9: Newstart / JobSeeker Payment (JSP) and Youth Allowance job seeker (YAO) personal earnings from employment over 2020



Newstart / JobSeeker data unavailable for March 2020 due to the transition from one to the other.

Given that unemployment payment recipients who were also principal carers (~11% of the cohort in June 2020) were generally able to receive the first phase of JobKeeper while remaining on payment it is likely that receipt of JobKeeper by these cohorts contributed to the increase in average and median earnings between May and September 2020.

²⁸ Assumes a Single Parent also receiving the Pension Supplement, JobKeeper and the Coronavirus Supplement with no other private income.

It can also be seen that the proportion of JobSeeker recipients with earnings increased in October 2020, consistent with applicable income tests becoming able to accommodate JobKeeper rates.

For comparison Figure 10 shows median earnings and Figure 11 shows the proportion of recipients with employment income (including from JobKeeper) for all major payments over the entire JobKeeper period.

Figure 10: Median personal employment income for select payments during the JobKeeper period

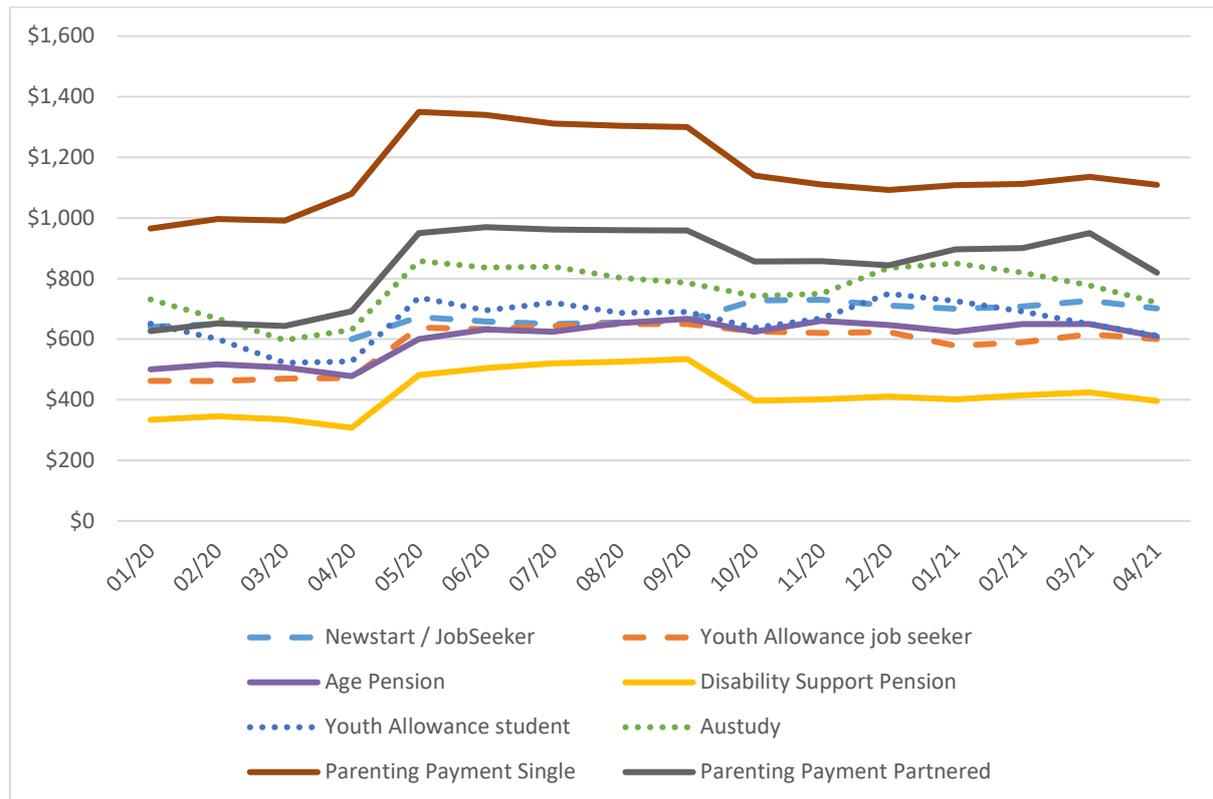
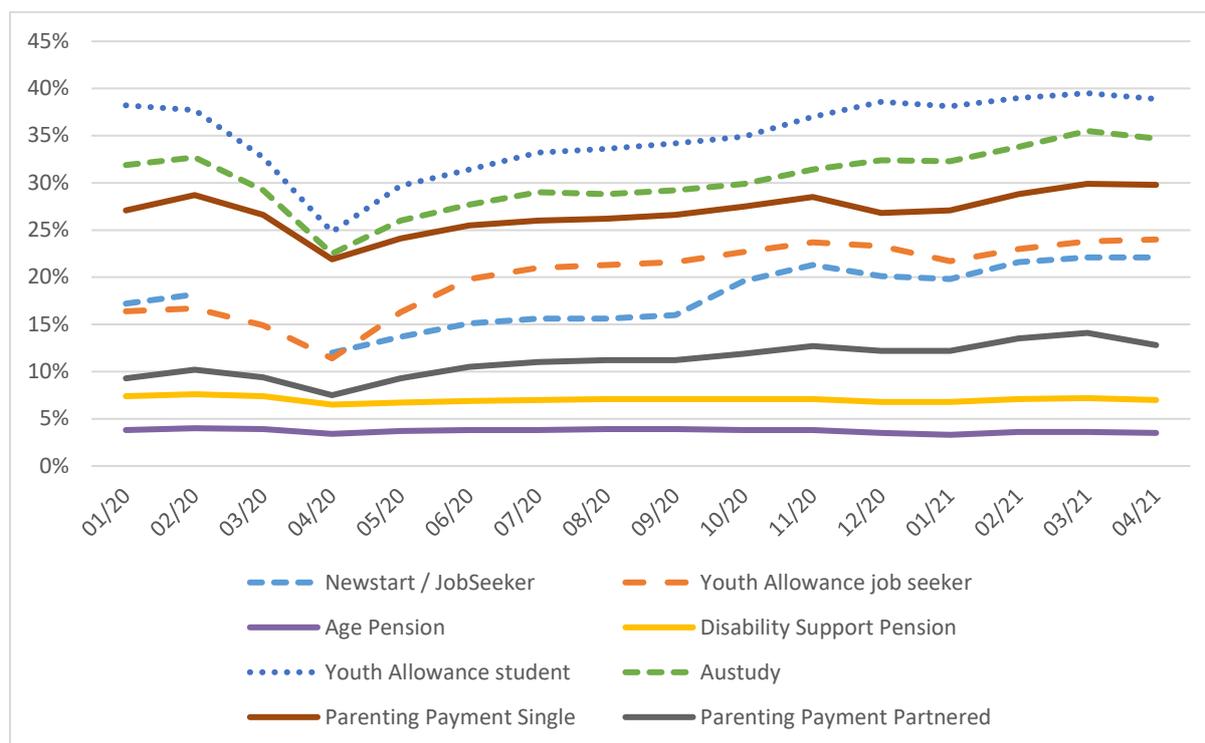


Figure 11: Proportion of recipients with personal employment income for select payments during the JobKeeper period



Newstart / JobSeeker data unavailable for March 2020 due to the transition from one to the other.

It can again be seen that JobKeeper is most evident during its first phase, particularly for pension and parenting payments able to accommodate the \$1500 per fortnight amount, and that for most payment types the proportion of recipients with earnings sharply declines in August 2020 before gradually recovering.

9. Changes to payment base rates

The conclusion of most COVID-19 related emergency measures within the welfare system on 1 April 2021 was accompanied by a \$50 per fortnight increase to the base rates of working-age payments.

Table 14: Permanent base rate increase

Increase amount	Date commenced	Applicable payment types
\$50 per fortnight	1 April 2021	JobSeeker Payment, Parenting Payment (partnered and single), Youth Allowance (student and job seeker), Austudy, ABSTUDY (living allowance), Special Benefit, Partner Allowance, Widow Allowance, Farm Household Allowance, Department of Veterans' Affairs Education Scheme, New Enterprise Incentive Scheme

Department of Social Services, [Strengthening the social security safety net](#).

The change was the largest permanent increase to the rate of unemployment benefits since 1986 and in total approximately 1.9 million individuals across all payment types received the \$50 increase.

Regular indexation of payments continued throughout the COVID-19 period.²⁹ The impact of COVID-19 measures, in particular the implementation of free childcare and modifications to rental agreements (see sections 11 and 13), increased CPI volatility for particular quarters which was in turn reflected in changes to payment rates.

10. Disaster and emergency payments

To support those with reduced incomes as a result of lockdowns and isolation requirements, a series of disaster and emergency payments were introduced during and after the COVID-19 period. Disaster and emergency payments were generally designed to be complimentary to the transfer payments system and were for a limited duration.

Table 15 shows disaster payments introduced in response to COVID-19 that were grant payments made by the National Recovery and Resilience Agency (as opposed to a legislated income support payment).

Table 15: Disaster grant payments key details

Disaster / Emergency Payment	Date	Eligibility	Amount
Pandemic Leave Disaster Payment	3 August 2020 (announced) - 30 September 2022 (originally scheduled to end 30 June 2022)	<ul style="list-style-type: none"> - Citizens, permanent residents and temporary visa holders with the right to work aged at least 17 - Unable to work due to a requirement to isolate, quarantine or care for an isolating child - Not receiving any income support payment or equivalent state support - Insufficient paid leave entitlements 	<ul style="list-style-type: none"> - Initially \$1,500 per fortnight for each 14 day period - From 10 December 2021, \$750 per week for each 7 day isolation period - From 18 January 2022, \$750 per week for each 7 day period for those expecting to lose 20 hours or more of work, and \$450 per week for each 7 day period for those expecting to lose at least a day of work but less than 20 hours
COVID-19 Disaster Payment	3 June 2021 (announced) – 13 December 2021 (date Western Australia reached 16+ 80% full vaccinated)	<ul style="list-style-type: none"> - Citizens, permanent residents and temporary visa holders with the right to work aged at least 17 - Residing or working in an area subject to a state public health order for a lockdown, and lost income as a result - Not receiving a state pandemic payment or Pandemic Leave Disaster Payment - Insufficient paid leave entitlements 	<ul style="list-style-type: none"> - If receiving an income support payment and 8 or more hours of work lost per week, \$200 per week (added to support payment) - If 8 to less than 20 hours of work lost per week, \$325 - \$450 per week - If 20 or more hours of work lost per week, \$500 - \$750 per week

The Pandemic Leave Disaster Payment and the COVID-19 Disaster Payment were both frequently altered during their period of effect and the above table should be considered a high level summary only. Further details on specific disaster payment settings is available at the [Australian Parliamentary Library](#).

²⁹ Further detail on the indexation of transfer payments is available at the [Guide to Social Policy Law](#).

The Pandemic Leave Disaster Payment was taxable but the COVID-19 Disaster Payment was not. The conclusion of the COVID-19 Disaster Payment was contingent on states and territories vaccinating at least 80% of their population aged 16 and over.

The Pandemic Leave Disaster Payment was mutually exclusive from income support but likely provided short-term support to individuals who may otherwise have claimed an unemployment payment. The COVID-19 Disaster Payment could be paid to recipients of income support so long as other eligibility criteria were met, and was paid in addition to their normal payment (including the Coronavirus Supplement if eligible).

In addition to the above, the Crisis Payment for National Health Emergency (COVID-19) was also introduced from 25 March 2020 and concluded on 1 July 2022. This change added the requirement to quarantine or self-isolate, or care for an isolating family member, to the eligibility criteria for a one-off Crisis Payment. To be eligible, individuals had to be receiving an income support payment, with payments limited to a maximum of two in a six month period. The amount of Crisis Payment was half of the maximum basic rate of the individual's underlying income support payment.

11. Changes to childcare policies

Commonwealth childcare policies were significantly altered over the COVID-19 period as demand for early childhood education and care services fluctuated in response to lockdowns and other COVID-19 mitigation strategies.³⁰

For transfer payment recipients the most significant of these changes was the temporary replacement of the Child Care Subsidy under the Early Childhood Education and Care Relief Package between 6 April 2020 and 12 July 2020. During this period childcare service providers were paid directly by the Government and were not permitted to charge fees to clients. The means test that ordinarily applies to Child Care Subsidy was also waived during this period, effectively rendering childcare services universally free.

Subsidy amounts under the Child Care Subsidy, and the value of free childcare under the Early Childhood Education and Care Relief Package, are not counted as income under social security income tests and so the period of free childcare did not directly affect transfer recipient numbers or reported incomes. However, the period of free childcare contributed to the volatility of the Consumer Price Index (CPI) over the period, in particular the 1.9 per cent decline in the June 2020 quarter. CPI volatility had subsequent flow on effects on those payments indexed to CPI.

12. Early Release of Superannuation

To provide additional financial support individuals could access up to \$10,000 of their superannuation between 20 April and 30 June 2020, and a further \$10,000 in the second application period from 1 July to 31 December 2020. Over the duration of the early release of superannuation program, a total of 3.5 million initial applications and 1.4 million repeat

³⁰ Department of Education, Skills and Employment, 2022, [COVID-19 and early childhood education and care](#), Note a timeline of changes is provided.

applications were approved, with an average value of \$7,638 per application and a total value of \$36.4 billion.³¹

To be eligible for the early release of superannuation an individual had to be unemployed, or in receipt of an unemployment or parenting payment, or have been made redundant since 1 January 2020, or had a reduction in their working hours (or sole trader turnover) of 20% or greater since 1 January 2021. The interim report on early release of superannuation by the ATO provided the following breakdown of early release request categories for 2019-20 for Australian residents:

Table 16: Early release of superannuation to residents by request category, 2019-20

Request Category	Approved applications percentage
Reduction in working hours	42
Eligible for government benefits	18
Unemployed	17
Sole trader with reduction in turnover	7
Sole trader with suspended operation	2
Made redundant	2

ATO [COVID-19 early release of super – interim report: 2019-20](#). Proportions do not sum to 100 due to superannuation releases to non-residents.

Superannuation amounts withdrawn were both non-taxable and not counted as income within the social security system. It should also be noted that the assets test was waived for the majority of the early release of superannuation period (see section 2).

Consistent with request category results in Table 16, analysis by Sainsbury et al. of whole-of-population linked administrative records indicates that approximately 700,000 individuals who received a working age transfer payment between January 2019 and July 2021 elected to access their superannuation.³²

Transfer payment recipients who withdrew their superannuation were less likely to exit payment (that is, they remained in receipt of payment longer) compared to those that did not, with this effect diminishing over time.³³ The ABS estimated that by September 2020 89% of withdrawn superannuation amounts (for all individuals) were expended, including 71% on mortgage or rent payments, household bills or debt repayments.³⁴

These findings suggest the large number of transfer recipients who withdrew their superannuation generally chose to use this income to meet unavoidable financial obligations and increase their leisure consumption (noting that for much of the period mutual obligation requirements which would usually compel job search activities were waived – see section 2).

³¹ Warren, 2021, [Towards COVID Normal Report no. 6: The COVID-19 early release of superannuation](#).

³² Sainsbury, Breunig and Watson, 2022, [COVID-19 private pension withdrawals and unemployment tenures](#), pp. 7.

³³ Ibid, pp 43.

³⁴ Australian Bureau of Statistics, 2021, [Household Financial Resources, September 2020](#), table 8.

13. Changes to housing support

Emergency measures in response to COVID-19 related to housing were generally undertaken external to the welfare system. A range of eviction moratoriums, rent negotiations and rent relief were unevenly implemented by state governments over 2020 and 2021.

The primary housing related transfer payment, the Commonwealth Rent Assistance supplement, was not changed during the COVID-19 period outside of regular indexation. However, the Australian Housing and Urban Research Institute has found that increased levels of income support were highly effective at reducing raised levels of housing affordability stress.³⁵

Table 17 shows the initial increase followed by broad consistency in the number of individuals and families receiving Rent Assistance over the COVID-19 period, as well as average rent and Rent Assistance amounts.

Table 17: Commonwealth Rent Assistance recipients, December 2019 – June 2021

	Individuals and families receiving Rent Assistance*	Average fortnightly rent paid	Average fortnightly Rent Assistance
December 2019	1,291,651	\$508.96	\$121.53
March 2020	1,320,851	\$509.16	\$122.38
June 2020	1,700,166	\$513.02	\$118.91
September 2020	1,758,494	\$517.01	\$119.92
December 2020	1,655,846	\$519.58	\$120.46
March 2021	1,581,499	\$521.31	\$121.29
June 2021	1,491,092	\$521.46	\$121.04

*Rent Assistance is paid per household and so may be received by an individual with or without dependents, or a couple with or without dependents. Source: [DSS Demographics](#).

14. Changes to family payments

Policy settings for Family Tax Benefit Part A and Family Tax Benefit Part B were not significantly changed during the COVID-19 period. Per usual practice, families receiving Family Tax Benefit who experienced a reduction in income were able to adjust their annual estimate and receive a higher rate of payment (noting around 5% of FTB recipients elect to be paid in an end of financial year lump sum).

The work test for Paid Parental Leave was altered in October 2020 to extend qualification for those whose employment was affected by COVID-19. Individuals were able to qualify for Paid Parental Leave if they had undertaken ten months of work in the 20 months preceding the birth or adoption of their child, rather than 13 months.³⁶

Table 18 shows family payment recipient numbers over the extended COVID-19 period as well as total transfer payment recipient numbers for comparison. Broadly consistent Family Tax Benefit recipient numbers suggests families with children significantly affected by the pandemic were either generally already in receipt of family payments prior to the economic downturn, or had their adjusted taxable income insufficiently affected to gain eligibility.

³⁵ AHURI Final Report No. 376, [Australia's COVID-19 pandemic housing policy responses](#), pp 3.

³⁶ Services Australia, [Budget 2020-21](#).

Table 18: Family Tax Benefit recipients, December 2019 – June 21

	Family Tax Benefit Part A	Family Tax Benefit Part B	All transfer payments total (excl. FTB A & B)
December 2019	1,350,445	1,086,569	4,859,525
March 2020	1,331,418	1,600,082	4,985,858
June 2020	1,370,311	1,097,542	5,846,856
September 2020	1,392,016	1,122,384	5,825,908
December 2020	1,403,644	1,131,028	5,681,001
March 2021	1,388,990	1,121,701	5,541,023
June 2021	1,399,290	1,123,678	5,354,365

[DSS Demographics](#). Transfer payments total includes ABSTUDY, Age Pension, Austudy, Carer Payment, Disability Support Pension, Newstart Allowance/JobSeeker, Parenting Payment, Partner Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Widow Pension, Wife Pension and Youth Allowance, and excludes Family Tax Benefit Part A and Part B.