

Podcast Transcript: Your retirement – money matters

Talent: Hank Jongen (General Manager) and Justin Bott (Financial Information Service Officer)

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Hank: Hello. My name is Hank Jongen, General Manager with Services Australia. This podcast is one of a series that looks at some of the different impacts the Coronavirus Pandemic has had on many of the payments and services that you can get from Services Australia.

Today, we are going to focus on two of the government's responses to COVID-19, namely JobSeeker Payment and JobKeeper Payment.

Let's start with a quick rundown.

JobKeeper Payment is actually a subsidy paid to employers to reimburse them for wages they have already paid to their employees. It's flat rate of \$1,500 per fortnight paid to business who've had a fall in turnover for full-time, part-time and casual employees who've worked there for more than 12 months.

JobSeeker Payment replaced Newstart Allowance. The government added an additional \$550 per fortnight to the payment through the Coronavirus Supplement. The assets test was removed and the partner income test was made much more generous, meaning your partner could earn significantly more before you lose eligibility for the payment.

Both JobSeeker and JobKeeper payments were initially set to end at the end of September.

On the 21 July the government announced that both payments would be extended, but they were going to change.

I've asked Justin Bott, an expert from the Financial Information Service, to go through these changes with us and help us understand what we may have to do.

Hi Justin, thanks for joining us today.

Justin: Hi Hank, thanks for having me.

Hank: As I've said, there were a few changes people should be aware of; can we start with JobKeeper?

Justin: Oh, for sure. And what you said was absolutely right. It was a payment that's made by the Australian Taxation Office to employers, so the employee themselves didn't actually get JobKeeper, they just got paid their wages and the employer was reimbursed by the ATO to that rate of \$1,500 a fortnight. The employer or the business had to show that it had a fall in turnover. Also it was something that people who were self-employed, running their own business, could access if they could show that they also that reduction in business turnover, so they could get their \$1,500 from the government as well.

And I want to say, right up front, that that is staying; as it presently is it's going to stay that way until the 28th September. There'll be no change up until the 28th September.

But what the government did do is actually extend that, so the JobKeeper is going to be extended until 28th March 2021. So it's going till near the end of March next year, but what it will look like will be different.

So from the 28th September, businesses will have to show again that they've had a reduction in income, in business turnover, but it will only be for the last quarter, so for the July to September quarter, and the payment, the JobKeeper Payment itself is going to go down. So the \$1,500 a fortnight for everybody will become \$1,200 a fortnight for employees who've been working 20 or more hours per week, or \$750 a fortnight for employees who've been working less than 20 hours a week.

So it's 2 rates based on whether you've worked 20 hours or more, or less than 20 hours a week.

Hank: OK, and then there are further changes on the 4th of January. Is that right?

Justin: That's right. So still keep that idea of the 20 hours more or less as the criteria for which one you get, that stays the same. But if you're working 20 hours or more, it goes from \$1,200 a fortnight down to \$1,000 a fortnight; and if you're working less than 20 hours, it goes from \$750 a fortnight to \$650 a fortnight.

Now, it's also important to say that this is actually not something that's administered by Services Australia. This is actually an Australian Taxation Office payment and service, so you need to go to the ATO, Australian Taxation Office website, which is ato.gov.au, for more information on this one.

Announcement: To keep everyone safe, Services Australia is encouraging customers to use online and phone services wherever possible. You can do more of your business online using myGov, including linking with the Australian Taxation Office, Medicare and Centrelink online services. For more information, including guides on how to download and use your myGov account, go to servicesaustralia.gov.au/individuals/online-help/mygov.

Hank: So Justin, let's talk about JobSeeker. The actual rate of JobSeeker is unchanged. It's actually the Coronavirus Supplement that is changing. As I understand it, it's continuing until the 31st December; that was key to the announcement; and the payments that actually underpin Coronavirus Supplement, like JobSeeker Payment, Youth Allowance and Parenting Payment, are actually not changing.

Justin: Yeah, that's right Hank, and it's a common misunderstanding, and unfortunately it's out there all the time, that JobSeeker payment is actually the whole amount that everyone gets right now. So you'll hear them often say that a person's getting JobSeeker Payment of \$1,100 per fortnight and that it will change. Well no, what you get every fortnight is actually 2 payments. It's the JobSeeker Payment, which is the income and assets means tested payment, and then the Coronavirus Supplement of \$550 a fortnight is paid on top of that, even if you only get a dollar of JobSeeker.

So, instead of me getting the normal \$565, if I was only getting \$120 worth of JobSeeker, then in my bank account I'd be getting \$670 which is \$120 worth of JobSeeker plus \$550 worth of Coronavirus Supplement.

And it's that Supplement that is changing as you said. It's \$550 a fortnight now, but from the 25th of September it's going to go down to \$250 a fortnight, and that will continue unto the end of December, 31st of December 2020.

Hank: Of course, there were other changes introduced as well, to help reduce the impact of the pandemic, and whilst there are a number of these, let's look at them one at a time.

The first one is, of course, suspension of mutual obligations.

Justin: Mutual Obligations are requirements that are tasks and activities that you agree to do while you're getting certain payments from us. They were initially waived when the coronavirus pandemic started. Those Mutual Obligations, those requirements, were stopped but the government then reintroduced them on the 9th of June in a form, and then they changed that when they made another announcement on the 4th of August.

So these are the things that we're expected to do if we're receiving those sorts of payments like JobSeeker Payment and Youth Allowance as a job seeker; things that I'm expected to do right now.

So the first thing is – I'm expected to go to an appointment with my employment service provider and agree to a thing called a Job Plan. Now when I say "Go to the appointment" we don't actually physically mean go to their offices. It's not necessarily safe for people to do that right now. So, they will have that conversation with you over the phone or on-line. And that Job Plan is going to have different components to it; different things that I'll be expected to do like looking for jobs, looking for work, participating in training; doing other activities.

But it might not be safe for people to even do some of those things right now, so if you aren't able to meet those requirements because you think it's unsafe, there's no penalties in place at the moment if you don't do that. So, if you fail to meet those Mutual Obligations there's no penalties right now.

One difference to that rule though. One penalty that does still exist is if you refuse a suitable job offer without a reasonable excuse. So, if that employment service provider finds an appropriate job for you, something that you could be doing now, and you say 'no', then that can actually have a penalty. If you don't have a reasonable excuse: a reasonable reason to say 'no' and you're turning down work, then the government is going to potentially put a penalty on your payment.

Except for Victoria. That doesn't apply to the entire state of Victoria. There are no penalties for them if they refuse job offers right now.

Hank: In addition to that, of course, the government has also waived the assets test, however, that's being reintroduced from the 25th September. Is that correct?

Justin: Yeah, that's right. So most payments you that get from Services Australia are what we call means tested payments, which means we look at a person's income and a person's assets to determine what their eligibility would be. Now when they did the changes to the JobSeeker Payment they also waived that assets test, means that we didn't need to look at how much the value of the things that you owned was and the assets test was suspended. And again this is still the case up until the 25th September.

But from the 25th September, the assets test is actually being reintroduced.

So, at the moment, that means is that on the 25th September, if you are a single person who owns their own home, and your assets are over \$268,000 not including the value of your home, then you actually aren't eligible for JobSeeker any longer. For a member of a couple who owns their own home, that figure's \$401,500, and it's a little bit higher for both of them if you don't own the home that you live in, so about \$482,000 for a single person who doesn't own their own home, and \$616,000 for a couple who doesn't own their own home.

So, those are the limits that actually say once you go over these figure; once the assets that you have, not including your home, go over these limits, then you actually aren't eligible for that JobSeeker Payment any longer.

But I again want to re-emphasise, these are only to take effect after the 25 September. Right now, none of those figures matter. People are eligible for the JobSeeker Payment regardless of what they own at the moment.

Announcement: You can start your claim for JobSeeker Payment up to 13 weeks before your circumstances will change. For more information visit our website at servicesaustralia.gov.au and search for JobSeeker Payment.

Hank: You made reference to the fact that the assets test is coming back from the 25th September, does this mean that customers will need to now provide us with assets details? And I guess, as part of that, some may lose eligibility as well.

Justin: Yeah, so, Services Australia has actually started contacting customers to get their update assets details. We've been sending out SMS messages to remind people that the assets test is coming back from the 25th September, and for those people who have the assets details that we need them, they're going to be given a reminder, it's an online task that they'll be able to find through their on-line account, through their myGov account.

Now, as we said, this assets limit, the figures that we gave, it is an all or nothing test, meaning that if you're under those limits, you get the full rate, depending on your income, but if you're over those limits, you're not eligible for JobSeeker at all.

So yeah, there is going to be people who will potentially lose eligibility for their JobSeeker after the 25th September.

And so, if you know that's coming; if you know the value of your assets; if you know that you're going to be over the limits for JobSeeker after the 25th September, and you want to get yourself prepared for what's going to happen, one of the things you might want to do is get in contact with us and speak to a Financial Information Service Officer. So, Services Australia has a free and independent Financial Information Service which you can get in contact with by ringing us on 132 300, and they're there - the Financial Information Service Officers exist just to help give you information and knowledge so you can understand what's happening and you can understand what options are out there for you. So, if you want to speak to one of our officers, give us a call on that 132 300 number, and then when you're asked for the reason for your call, please say "Financial Information Service" and then you get to speak to one of our Officers directly.

Hank: And, of course, the other change that's been announced is an increase in what's called the income free area, which basically means that the amount of money a job seeker can earn before it starts to effect the rate of payment has increased, and that's going to take effect from the 25th September, isn't it.

Justin: Yeah, that's right. So, the income free area is the amount that I, as a person receiving JobSeeker Payment, can earn before my JobSeeker Payment starts to reduce, starts to go down, and right now \$106 a fortnight, has been \$106 a fortnight for a while. From the 25th September it's actually going up to \$300 a fortnight – it's almost 3 times as much – which just, as you said, means I am just able to earn that much more from a casual job or some other work that I might be doing, before my JobSeeker Payment starts to be affected by the income that I'm receiving.

Hank: Whilst we're on the subject of income and its effect on payments, the JobSeeker Payment's also affected by, of course, the partner income, but that's also been increased; the amount a partner can earn has been significantly increased hasn't it?

Justin: Yeah, that's right. So, when we're looking at a person on JobSeeker, we're not just looking at their income, we're also looking at what their partner is earning, and their partner has a certain amount of money that they could earn before their income removes my eligibility for JobSeeker. Now before the coronavirus came into effect, that limit; that amount a partner could earn, was about \$48,000 per annum before my JobSeeker stopped.

When the government introduced the changes, they made that much more generous, and it went from \$48,000 to just under \$80,000, so it's now around \$79,600 per annum or \$3,060 a fortnight. And that's how much my partner could earn before I lose my JobSeeker.

Now, in order for that to happen, again we've talked about the income free area for me as a person on payment. There's also an income free area for my partner. Now, if my partner is 22 years or over, that income free area – the amount that they could earn before it affects my JobSeeker at all, is \$996 a fortnight. If they're under 22, then that's \$944 a fortnight.

On the 27th April, when they introduced the changes, they kept that income free area in place, but they changed the impact of the money they could earn afterwards, so in the past, for every dollar that my partner earned over \$996 a fortnight, my payment would go down by 60 cents. From April that went down to 25 cents so much less of an impact. So for every dollar that my partner earned over \$996, my payment would only go down by 25 cents per dollar. The more they earned, the more I could still get in the way of JobSeeker, until it got to that \$79,000 cut-off point we talked about.

Now, from September, that amount that the partner could earn is actually going up. So it's going from \$996, that income free area for your partner, it's going from \$996 to \$1,165 a fortnight, so my partner could now earn over \$500 a week and still not impact on the amount of JobSeeker that I'm getting. And then, the more that they earn, it then starts reducing.

So realistically, from a perspective, it means that my partner can now earn about \$3,080 a fortnight instead of \$3,060, so they could earn that \$3,080 a fortnight from 25th September, before I lose my eligibility for that JobSeeker Payment. So they could earn a little bit more. With that improvement in the income free area they could earn just that little bit more and I still keep my JobSeeker Payment.

Hank: OK. Now, we also talk about the re-introduction of the Liquid Assets Waiting Period which kicks in from the 25th September. What does that mean?

Justin: OK. So the first thing that I want to say is that this is particularly for new people applying for JobSeeker Payment. So if you already are on JobSeeker, you don't have to worry about this. This is not a message for you.

The Liquid Assets Waiting Period is where the government looks at the amount of money that you have in available financial assets like money in the bank, cash that I might have lying around the house, shares, some managed investments. Things like that. Things that I could easily sell/realise/take for cash. And the government actually expects me to use that money first before I can apply for payments.

And so. The Liquid Assets Waiting Period, what it is, is a way of delaying when I can start getting my JobSeeker Payment while I'm expected to use up some of my own resources first. Now, if I'm a single person, what they're going to look at is \$5,500, meaning that if I have readily available funds of more than \$5,500 as a single person, then it might be a while before I can actually start getting

that JobSeeker Payment in my bank account. And as a member of a couple, it's double that, it's \$11,000.

So again, if those readily available funds are more than \$11,000, then it can delay how long I can start getting that JobSeeker and I'm expected to actually use my resources first before that occurs.

Now the most that I could be waiting is 13 weeks, which is roughly 3 months, but it's less depending on what Liquid Assets I have.

Now we still recommend – even if you realise when you're applying for payments – that you've got this Liquid Assets Waiting Period; that you're going to be dealing with it, we still recommend that you start the process of applying any way, because then you'll know exactly when your payments are going to start. So, instead of being rushed in the end of the liquid assets period and going "Oh no." you know, "I've started the process and I might be missing out on something," if you are serving a Liquid Assets Waiting Period but you get that application in early, then you'll know – if it's not going to be until the 15th November, then you know that you'll get paid from 15th November and that money will start going into your bank account from then.

Hank: You previously outlined the changes to JobSeeker and JobKeeper, most of which apply from late September. Because of that interaction between the 2 payments, it is possible that some people in receipt of JobKeeper, will now also qualify for JobSeeker. And I also understand that if you know that change is looming, you can in fact lodge an application for JobSeeker Payment early. Is that correct?

Justin: Yeah – that's right. So it is a common question, "Can I get JobSeeker and JobKeeper at the same time?" And the answer is that that is absolutely the case that you can - that with the income test and the income free areas, and potentially the two rates of JobKeeper, there are definitely people who might know now, that come the 29th September when JobKeeper changes from the 28th, that they are going to be eligible for JobSeeker as well.

And those people can start the application early. They can start it up to 13 weeks early, which is – well we're already within that thirteen week window to the 29th September, so they could start the application process today; tomorrow. So, what you need to do, in order for that to happen, you actually need to know the date that your circumstances are going to change, so in this case it would be in that example, well I know it's going to change in September when the JobKeeper rates change.

If you start that claim now, we'll then send you a message 14 days before the date that you told us of the change. So, you know it's going to change on the 28th September. You've told us that it's going to change on that date. 2 weeks before then we're going to send you a message that says this date is coming up, can you now complete the application process that you started now, if you like.

It's important to say that you're not going to get paid any sooner if you do this, so we're not going to pay you from now. We are only going to pay you from the date of the change – in that case, again, 28th September. But what it means is that hopefully that we can pay as soon as possible – get that money as soon as it possibly can be. Because you've dealt with us beforehand, you've, you know, you've given all the information that we need now in the lead up process, so when that actually comes to the 25th September, or 28th, no big change is going to happen then. You've done everything, and it's simply a matter of getting that payment through as soon as we can.

Announcement: The easiest way to apply for payments is to claim online. Use your Centrelink account through myGov to apply. The Services Australia website has easy to understand guides to help you.

Hank: Justin, thank you for all of that information.

If you've found this podcast helpful, you might want to look at our earlier podcasts where we've covered a range of topics like the early release of superannuation, older Australians and JobKeeper payment, and Family payments and balancing. If you want to check out these other podcasts, you can find them wherever you get your podcasts, or from Services Australia at mediahub.servicesaustralia.gov.au.

Please note, the information discussed in this episode is current at the time of recording.

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