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**Australian Government**  
**Services Australia**

## **Assessment of hardship for Liquid Assets Waiting Period (LAWP) for Austudy and Youth Allowance (YA) students 106-05020070**

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### **Background**

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This document outlines how to establish if a student, affected by the Liquid Assets Waiting Period (LAWP), is in hardship and under what circumstances the LAWP can be waived.

### **When LAWP is applied**

The LAWP is applied at the new claim stage and can only be applied once within a 12 month period. A LAWP is not applied if a person or their partner have been subjected to a LAWP that started within the last 12 months (which includes where only part of a LAWP has been served). The LAWP only affects customers applying for Austudy, JobSeeker Payment (JSP) and Youth Allowance (YA).

A customer may be in hardship, although at the time of claim they have had money available to them. If this money has been used on unavoidable and reasonable expenditure then this waiting period may be waived. The LAWP cannot be waived after it has been served in full.

### **Duration of LAWP**

The LAWP is the period a person must wait before being paid Austudy or Youth Allowance (YA) if they have funds above the maximum reserve of \$10,000 for a partnered customer or a single customer with dependent children or \$5,000 for a single customer. The [LAWP can be applied](#) for a period of 1 to 13 weeks if liquid assets exceed the maximum reserve.

### **LAWP rounding rules**

Due to rounding, the LAWP is not applied unless the customer has \$11,000 or greater (combined) for couples and single customers with a dependent child and \$5,500 or greater for single customers with no dependent children. For example:

### Example 1

- A single customer makes a claim for Austudy with \$5,300 in total liquid assets:
  - Liquid assets (\$5,300) minus the maximum reserve amount (\$5,000), divided by \$500 = 0.6
  - 0.6 weeks is rounded down to zero meaning a LAWP is not applied

### Example 2

- A partnered customer makes a claim for Austudy with \$10,850 in combined total liquid assets:
  - Liquid assets (\$10,850) minus the maximum reserve amount (\$10,000) divided by \$1000 = 0.85
  - 0.85 weeks is rounded down to zero meaning a LAWP is not applied

## Severe financial hardship

The LAWP may be waived where a student is in severe financial hardship. The severe financial hardship test is applied when establishing whether a customer subject to or serving a LAWP are in severe financial hardship. Severe financial hardship is defined as:

- a single student having liquid assets of less than the maximum fortnightly rate of the payment they are claiming, and
- a member of a couple having less than twice the fortnightly rate of payment being claimed

## Waiving the LAWP

The LAWP may be waived in full or in part when the student is in severe financial hardship because of [unavoidable or reasonable expenditure](#). The student will be asked to supply evidence (such as receipts) of the unavoidable or reasonable expenditure.

If the money they had has been used on [unavoidable or reasonable expenditure](#), the LAWP may be waived. For full-time students claiming Austudy or YA, the student's liquid assets can also be reduced by [upfront study expenses](#) directly related to their course of study over the next year. The student will be asked to supply evidence (such as receipts) of the reasonable expenditure.

A student's [reasonable cost of living](#) does not have to be justified with receipts. The reasonable cost of living is an amount deemed by the delegate to be appropriate to the student's circumstances. The deemed amount cannot be exceeded. Reasonable costs of living cannot exceed the maximum rate of payment to which the student would be entitled.

**Note:** an assessment of hardship can only be made at time of claim or whilst the customer is serving a LAWP. A LAWP cannot be waived after the LAWP has been fully served.

## Related links

[Liquid Assets Waiting Period \(LAWP\)](#)

[Assessment of hardship for Liquid Assets Waiting Period \(LAWP\)](#)

## Process

This document outlines how to establish if a student, affected by the Liquid Assets Waiting Period (LAWP), is in hardship and under what circumstances the LAWP can be waived

**On this page:**

[Student assessment for Liquid Assets Waiting Period \(LAWP\)](#)

[Calculate student expenditure to assess Liquid Assets Waiting Period \(LAWP\)](#)

**Student assessment for Liquid Assets Waiting Period (LAWP)**

Table 1

Step	Action
1	<p><b>Determine if student is exempt</b> + Read more ...</p> <p>A student may be exempt from the LAWP if one of the following applies.</p> <ul style="list-style-type: none"> <li>The student has served a LAWP within the last 12 months (check the <a href="#">s 47E(d)</a> screen to see if a LAWP has been served within the past 12 months)</li> <li>The student is transferring from one payment to another within a 14 day period</li> <li>The student has self-served the LAWP</li> <li>The student is undertaking a rehabilitation program, an activity under the Community Support Program, or formal vocational training in a labour market program approved by Centrelink</li> </ul> <p>Is the student <a href="#">exempt from the LAWP</a>?</p> <ul style="list-style-type: none"> <li><b>Yes</b>, the LAWP does not apply. Procedure ends here</li> <li><b>No</b>, <a href="#">go to Step 2</a></li> </ul>
2	<p><b>Severe financial hardship</b> + Read more ...</p> <p>The LAWP may be waived in full or in part when the student is in severe financial hardship because of <a href="#">unavoidable or reasonable expenditure</a>.</p> <p>For more information, refer to <a href="#">Policy</a>.</p> <p>Is the student in severe financial hardship?</p> <ul style="list-style-type: none"> <li><b>Yes</b>, <a href="#">go to Step 3</a></li> <li><b>No</b>, apply the <a href="#">Liquid Assets Waiting Period (LAWP)</a>. Procedure ends here</li> </ul>
3	<p><b>Unavoidable or reasonable circumstances</b> + Read more ...</p> <p>Unavoidable or reasonable expenditure by a customer serving a LAWP or an Income Maintenance Period (IMP) includes:</p> <ul style="list-style-type: none"> <li><a href="#">reasonable cost of living</a>, and</li> </ul>

	<ul style="list-style-type: none"> <li>other <a href="#">unavoidable or reasonable expenditure</a>, and</li> <li>for Youth Allowance (YA) and Austudy only, other <a href="#">upfront study expenses</a> from liquid assets are allowed for funds that are required for education purposes over a 12 month period</li> </ul> <p>Were the circumstances that caused the hardship unavoidable or reasonable?</p> <ul style="list-style-type: none"> <li><b>Yes</b>, <a href="#">go to Step 4</a></li> <li><b>No</b>, apply the <a href="#">Liquid Assets Waiting Period (LAWP)</a>. Procedure ends here</li> </ul>
4	<p><b>Calculation</b> + Read more ...</p> <p>Calculate the total <a href="#">unavoidable or reasonable expenditure</a>.</p> <p>Request these details from customer, as well as any evidence to support this expenditure and calculate amount customer wishes to be disregarded from liquid assets. For students, <a href="#">upfront study expenses</a> are also able to be included where funds are required for education purposes over the next year.</p> <p><b>Note:</b> only reasonable expenditure supported by evidence (for example, receipts) is to be included in this calculation.</p>
5	<p><b>Has the student already served part of their LAWP?</b> + Read more ...</p> <ul style="list-style-type: none"> <li><b>Yes</b>, see <a href="#">Step 1 in Table 2</a></li> <li><b>No</b>, see <a href="#">Step 3 in Table 2</a></li> </ul>

## Calculate student expenditure to assess Liquid Assets Waiting Period (LAWP)

Table 2

Step	Action
1	<p><b>Reasonable cost of living</b> + Read more ...</p> <p>Calculate the student's <a href="#">reasonable cost of living</a> for the period they have served</p> <p>For a single person, this would be the rate of the appropriate allowance that would have been payable to the person had they not been subject to the IMP or LAWP; for a member of a couple this amount is doubled.</p> <p>Casual earnings need to be taken into consideration as to how they would have affected the student's rate.</p>
2	<p><b>Calculation</b> + Read more ...</p> <p>Add the total <a href="#">unavoidable or reasonable expenditure</a> obtained from <a href="#">Step 4 in the Student assessment for LAWP</a> table to the <a href="#">reasonable cost of living</a> obtained from Step 1.</p>
3	<p><b>Student subject to income maintenance period</b> + Read more ...</p> <p>If the student is also <a href="#">subject to an Income Maintenance Period (IMP)</a>, add the student's leave entitlements to their other liquid assets.</p>

4	<p><b>Unavoidable or reasonable expenditure</b> + Read more ...</p> <p>Subtract the <a href="#">unavoidable or reasonable expenditure</a> (from Step 2) from the student's total liquid assets (from Step 3).</p> <p>Is the result <b>greater</b> than a fortnight's allowance?</p> <ul style="list-style-type: none"> <li>• <b>Yes</b>, <a href="#">go to Step 5</a></li> <li>• <b>No</b>, <a href="#">go to Step 6</a></li> </ul>
5	<p><b>If the result is greater than a fortnight's allowance, the LAWP cannot be waived</b> + Read more ...</p> <ul style="list-style-type: none"> <li>• Code the LAWP amount on the <b>s 47E(d)</b> screen in the <b>s 47E(d)</b> field</li> <li>• Code the commencement date for the LAWP in the <b>s 47E(d)</b> field. The date for a full-time student will be the date commenced study</li> <li>• Record the details of the LAWP on a <b>DOC</b></li> </ul> <p>Procedure ends here.</p>
6	<p><b>If the result is less than a fortnight's allowance, waive the LAWP from the date that the student applied for hardship</b> + Read more ...</p> <p>Is the LAWP waiver part of the new claim activity?</p> <ul style="list-style-type: none"> <li>• <b>Yes</b>, and the changes are being made in: <ul style="list-style-type: none"> <li>◦ Process Direct, <a href="#">go to Step 7</a></li> <li>◦ Customer First, <a href="#">go to Step 8</a></li> </ul> </li> <li>• <b>No</b>, the claim has been finalised. <a href="#">Go to Step 9</a></li> </ul>
7	<p><b>Process Direct - waive LAWP in a new claim</b> + Read more ...</p> <p><b>Process Direct</b></p> <p><b>s 47E(d)</b></p>
8	<p><b>Customer First - waive LAWP in a new claim</b> + Read more ...</p> <p><b>s 47E(d)</b></p>

	<ul style="list-style-type: none"> <li>Record the details of the waiver of the LAWP on a <b>DOC</b></li> </ul>
9	<p><b>Waiver of LAWP after claim finalised</b> + Read more ...</p> <p>To waive a LAWP after a claim has been finalised, the claim will need to be re-granted. Correction of the <b>s 47E(d)</b> and <b>s 47E(d)</b> screens coding is required.</p> <p>If skilled in the claim type and scheduled for processing, re-grant the claim for:</p> <ul style="list-style-type: none"> <li><b>YA</b>, see Table 1 Step 2 in <a href="#">Assessing and coding student and Australian Apprentice claims for Youth Allowance (YA)</a>.</li> <li><b>Austudy</b>, see Table 1 Step 2 in <a href="#">Assessing and coding student and Australian Apprentice claims for Austudy</a>.</li> </ul> <p>Otherwise, refer the details of the change to Student Processing for follow-up:</p> <p><b>s 47E(d)</b></p> <p>Procedure ends here.</p>

## References

### Policy

[Social Security Guide, 1.1.L.50, Liquid assets](#)

[Social Security Guide, 1.1.U.20, Unavoidable or reasonable expenditure \(JSP, YA, PP, Austudy\)](#)

[Social Security Guide, 1.1.S.125, Severe financial hardship - OWP, SWPP, LAWP, IMP](#)

[Social Security Guide, 3.1.2.20, Liquid Assets Waiting Period](#)

[Social Security Guide, 3.1.2.30, Treatment of Liquid Assets](#)

[Social Security Guide, 3.1.2.70, Exemptions from Waiting Periods](#)

[Social Security Guide, 3.2.3.20, Payability of YA](#)

[Social Security Guide, 3.2.3.30, Waiting, Preclusion & Exclusion Periods for YA](#)

## Legislation

Links to the Federal Register of Legislation site go to a 'Series' page. Select the 'Latest' version.

## Liquid assets test

[Social Security Act 1991](#)

- section 14A(1), Social security benefit liquid asset test
- section 19C, Severe financial hardship (ordinary waiting periods and liquid assets test waiting periods) definitions

## Youth Allowance

[Social Security Act 1991](#)

- section 549A(1), Liquid assets test waiting period
- section 549B(1), Start of liquid assets test waiting period
- section 549C(1), Length of liquid assets test waiting period
- section 19C(4), Meaning of unavoidable or reasonable expenditure

## Austudy

[Social Security Act 1991](#)

- section 575A(1), Liquid assets test waiting period
- section 575B, Start of liquid assets test waiting period
- section 575C, Length of liquid assets test waiting period

## Training & Support

Add the course number to the **s 47E(d)** field in the **s 47E(d)** in ESSentials:

- **s 47E(d)** - Liquid Asset Waiting Period
- **s 47E(d)** - Austudy new claims