

s22 - out of scope or irrelevant



Australian Government
Services Australia

Assessment of hardship for Liquid Assets Waiting Period (LAWP) 106-05020050

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Background

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This document outlines the hardship provisions for the Liquid Assets Waiting Period (LAWP). The LAWP may be recalculated if the customer is in hardship. In some circumstances the waiting period 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, JobSeeker Payment (JSP) or Youth Allowance (YA) if they have liquid assets above the maximum reserve:

- of \$10,000 for a partnered customer, or a single customer with dependent children, or
- of \$5,000 for a single customer without dependent children

The LAWP is applied for a period of 1 to 13 weeks.

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, or
- has \$5,500 for single customers

Examples:

A single customer makes a claim for JSP with \$5,300 in total liquid assets:

- Step 1: liquid assets (\$5,300) minus the maximum reserve amount (\$5,000) divided by \$500 = 0.6
- Step 2: 0.6 weeks is rounded down to zero meaning a LAWP is not applied

A partnered customer makes a claim for JSP with \$10,850 in combined total liquid assets:

- Step 1: liquid assets (\$10,850) minus the maximum reserve amount (\$10,000) divided by \$1000 = 0.85

- Step 2: 0.85 weeks is rounded down to zero meaning a LAWP is not applied

Severe financial hardship

The LAWP may be waived where a customer is in severe financial hardship. The severe financial hardship test is used when establishing if a customer serving a LAWP is in severe financial hardship.

Severe financial hardship is:

- A single customer with 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 customer is in severe financial hardship because of [unavoidable or reasonable expenditure](#). The customer will need to supply evidence, such as receipts of the unavoidable or reasonable expenditure.

Note: voluntary one-off payments of non-housing debts are not considered to be unavoidable expenditure. However, they can be considered as reasonable costs of living if they, and other reasonable costs of living, do not exceed the upper limit. For a definition of upper limit, refer to Social Security Guide, 1.1.U.20 on the [References](#) page.

A customers' 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 customers' circumstances. The deemed amount cannot be exceeded. Reasonable costs of living cannot exceed the maximum rate of payment to which the customer would be entitled.

Note: a hardship assessment can only be made while a customer is serving a LAWP. A waiver cannot be applied after the LAWP has been fully served.

Effect of a customer changing relationship status from single to partnered while serving a LAWP

There is no provision under section 598 of the Social Security Act 1991 to reassess a person's LAWP and date of commencement based solely on their change of circumstances from single to partnered or vice versa. A person can request a reassessment under subsection 598(5) if they are in severe financial hardship.

The [Resources](#) page contains the LAWP calculators and information about how certain liquid assets are assessed for the purposes of the LAWP.

Related links

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

[Assessment of hardship for Liquid Assets Waiting Period \(LAWP\) for Austudy and Youth Allowance \(YA\) students](#)

Process

This document outlines the hardship provisions for the Liquid Assets Waiting Period (LAWP). The LAWP may be recalculated if the customer is in hardship. In some circumstances the waiting period can be waived.

On this page:

[Assessing hardship for the LAWP](#)

[Coding the LAWP waiver](#)

Assessing hardship for the LAWP

Table 1

Step	Action
1	Students and Austudy or Youth Allowance (YA) + Read more ...

	<p>Is the customer applying for, or receiving Austudy or Youth Allowance (YA) as a student?</p> <ul style="list-style-type: none"> • Yes, see Assessment of hardship for Liquid Assets Waiting Period (LAWP) for Austudy and Youth Allowance (YA) students • No, go to Step 2
2	<p>Check if customer is exempt from the LAWP + Read more ...</p> <p>The LAWP only affects customers applying for Austudy, JobSeeker Payment (JSP) and Youth Allowance (YA) who have not served a LAWP which started within the last 12 months.</p> <p>Check this on the s 47E(d) screen.</p> <p>Is the customer exempt from the LAWP?</p> <ul style="list-style-type: none"> • Yes, do not apply the LAWP. Procedure ends here • No, go to Step 3
3	<p>Is the customer in severe financial hardship? + Read more ...</p> <ul style="list-style-type: none"> • Yes, go to Step 4 • No, apply LAWP. See Liquid Assets Waiting Period (LAWP).
4	<p>Unavoidable or reasonable? + Read more ...</p> <p>Were the circumstances that caused the hardship unavoidable or reasonable?</p> <p>For more information, see the References page. Ensure that all expenditure is supported by receipts.</p> <ul style="list-style-type: none"> • Yes, go to Step 5 • No, apply LAWP. See Liquid Assets Waiting Period (LAWP).
5	<p>Total acceptable expenditure + Read more ...</p> <p>Assess the unavoidable or reasonable expenditure by adding them all together.</p> <p>Note: exclude any expenditure that is not reasonable or unavoidable that is, disallowed as well as expenditure that cannot be supported by receipts in this assessment.</p>
6	<p>Has part of their LAWP already been served? + Read more ...</p> <p>Service Officer to check the s 47E(d) screen.</p> <ul style="list-style-type: none"> • Yes, go to Step 7 • No, go to Step 8
7	<p>Reasonable cost of living + Read more ...</p> <p>Calculate the customer's reasonable cost of living for the period they have served.</p> <ul style="list-style-type: none"> • For single customers: multiply their maximum weekly rate payable by the number of weeks they have already served a LAWP • For partnered customers: multiply their maximum weekly rate payable by the number of weeks they have already served a LAWP and then double this amount
8	<p>Calculate expenditure and cost of living + Read more ...</p> <p>Add the total of unavoidable or reasonable expenditure obtained from Step 5 to the reasonable cost of living obtained from Step 7 (if applicable).</p>
9	<p>Is the customer also subject to an Income Maintenance Period (IMP)? + Read more ...</p> <ul style="list-style-type: none"> • Yes, ensure the customer's leave entitlements have been included in the calculation of their liquid assets • No, add the customer's liquid assets only

	<p>Subtract the amount obtained in Step 8 from the amount of liquid assets.</p> <ul style="list-style-type: none"> • If the result obtained is greater than a fortnight's allowance, the LAWP cannot be waived at this stage. Go to Step 10 • If the result obtained is less than a fortnight's allowance, waive the LAWP from the date the customer applied for hardship. Go to Table 2, Step 1
10	<p>LAWP cannot be waived + Read more ...</p> <p>Advise customer the LAWP cannot be waived as their severe financial hardship was not because of unavoidable or reasonable expenditure. See Liquid Assets Waiting Period (LAWP).</p> <p>Record details of decision on a Note/DOC.</p> <p>Procedure ends here.</p>

Coding the LAWP waiver

Table 2

Step	Action
1	<p>Code the LAWP waiver + Read more ...</p> <p>Is the LAWP waiver part of the new claim activity?</p> <ul style="list-style-type: none"> • Yes, and the waiver is being made in: <ul style="list-style-type: none"> ◦ Process Direct, go to Step 2 ◦ Customer First, go to Step 3 • No, the claim has been finalised and changes being made in: <ul style="list-style-type: none"> ◦ Process Direct, go to Step 4 ◦ Customer First, go to Step 6
2	<p>Process Direct - LAWP waiver in a claim + Read more ...</p> <p>s 47E(d)</p> <ul style="list-style-type: none"> • Record details of decisions on a Note/DOC
3	<p>Customer First - LAWP waiver in a claim + Read more ...</p> <p>s 47E(d)</p> <ul style="list-style-type: none"> • Record details of decision on a Note/DOC
4	<p>Process Direct - LAWP waiver after claim finalised + Read more ...</p> <p>s 47E(d)</p>

	<p>s 47E(d)</p> <p>◦ Go to Step 5</p>
5	<p>Assessing the transaction + Read more ...</p> <p>s 47E(d)</p> <ul style="list-style-type: none"> Record details of the update. See Recording reasons for decisions s 47E(d) or s 47E(d) extra details if required, for example the: <ul style="list-style-type: none"> reason for a discretionary decision, including references to Operational Blueprint waiting periods being served Select s 47E(d) to complete the transaction <p>Procedure ends here.</p>
6	<p>Customer First - LAWP waiver after claim finalised + Read more ...</p> <p>s 47E(d)</p> <ul style="list-style-type: none"> Record details of decision on a DOC

References

Policy

[Social Security Guide, 3.1.2.10. Application of Waiting Periods](#)

[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, 1.1.S.125, Severe financial hardship – Ordinary Waiting Period, Seasonal Work Preclusion Period, Liquid Assets Test Waiting Period, Income Maintenance Period](#)

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

Legislation

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

[Social Security Act 1991](#)

- section 14A, Social security benefit liquid assets test definitions

- section 676, Liquid assets test waiting period
- section 598, Liquid assets test waiting period
- section 19C, Severe financial hardship definitions
- section 598, Liquid assets test waiting period

Resources

LAWP calculator - Single - no dependent children

Single - no dependent children

Table 1: this table describes the LAWP calculator to be used for a single customer with no dependent children.

Amount of liquid assets \$	Liquid Assets Waiting Period (WEEKS)
0 to 5,499	NIL
5,500 to 5,999	1
6,000 to 6,499	2
6,500 to 6,999	3
7,000 to 7,499	4
7,500 to 7,999	5
8,000 to 8,499	6
8,500 to 8,999	7
9,000 to 9,499	8
9,500 to 9,999	9
10,000 to 10,499	10
10,500 to 10,999	11
11,000 to 11,499	12
11,500 onwards	13

LAWP calculator - Partnered or Single - with dependent children

Partnered or Single - with dependent children

Table 2: this table describes the LAWP calculator to be used for a partnered or single customer with dependent children.

Amount of liquid assets \$	Liquid Assets Waiting Period (WEEKS)
0 to 10,999	NIL
11,000 to 11,999	1
12,000 to 12,999	2
13,000 to 13,999	3
14,000 to 14,999	4

15,000 to 15,999	5
16,000 to 16,999	6
17,000 to 17,999	7
18,000 to 18,999	8
19,000 to 19,999	9
20,000 to 20,999	10
21,000 to 21,999	11
22,000 to 22,999	12
23,000 onwards	13

Definitions

Definitions that apply to LAWP

Table 3: this table describes definitions that relate to LAWP.

Item	Definition
1	<p>LAWP can be waived</p> <p>The LAWP can be waived if the customer is in severe financial hardship and the hardship was caused through unavoidable and reasonable expenditure. The LAWP cannot be waived after it has been served.</p>
2	<p>Calculation of the LAWP also includes day to day costs</p> <p>Unavoidable or reasonable expenditure by a customer serving a Liquid Assets Waiting Period (LAWP), including those who self-serve, includes the day to day costs of living (referred to as the reasonable costs of living) for the period of the LAWP already served, plus other unavoidable or reasonable expenditure.</p>
3	<p>Cost of living expenditure</p> <p>A customer's everyday or reasonable cost of living expenditure is limited to the rate of the appropriate allowance that would have been payable to the person (this rate includes all add-ons and any reductions due to earnings, but does not include family assistance) had they not been subject to the LAWP. For a member of a couple, this amount is doubled. A person's reasonable cost of living does not have to be justified with receipts, etc. Reasonable cost of living is a deemed amount that cannot be exceeded.</p>
4	<p>Treatment of liquid assets</p> <p>The amount of a customer's liquid assets determines the duration of the LAWP they will serve.</p> <p>Amounts from former employers</p> <p>Any amount due and able to be paid by a former employer of the person is considered to be a liquid asset, except for amounts that are rolled over. An exception to this would be amounts owed to a customer by a former employer whose assets are frozen because of bankruptcy or litigation as these would not be considered able to be paid.</p> <p>Gifts and transfer of liquid assets</p> <p>If a customer or their partner makes a gift or transfers their liquid assets to a natural or adopted child within 4 weeks before claiming, the assets are included in calculating the recipient's liquid asset amount. This would apply if:</p> <ul style="list-style-type: none"> the customer or their partner does not receive adequate consideration in money, or money's worth, for their transfer, or the Service Officer is satisfied that the purpose or dominant purpose of the transfer was so the recipient could obtain JobSeeker Payment (JSP), Youth Allowance (YA) or Austudy <p>Proceeds from the sale of a home</p> <p>A customer or their partner can sell their home and have the proceeds disregarded as liquid assets for a period of 12 months from the date of sale if:</p>

- the home that was sold was their residential home, and
- some or all of the proceeds of the sale are likely to be used to buy another home to live in, within 12 months from the date of sale

Voluntary one off payments of non-housing debts

A customer or their partner can make one voluntary payment on a debt or a number of debts after becoming unemployed or incapacitated, with the non-compulsory amount/s being disregarded in calculating the recipient's liquid asset amount. This applies only if:

- the debt is not related to the principal home or any other residential property, and
- the payment is voluntary, (that is, more than the minimum payment), and
- the payment is the first voluntary payment made on that debt since the customer became unemployed or incapacitated

For example, a customer has an outstanding credit card balance of \$2,000. The minimum payment is \$25. The customer pays the balance in full. The assessment of their liquid assets is reduced by \$1,975.

The payment can still be disregarded if the customer makes the payment while serving a LAWP, that is, **after** the claim is processed. In this case, the claim may need reassessing to reduce the length of the LAWP.

A one-off debt payment **cannot** be disregarded if the payment is made after the LAWP has been served. In this case, there is no need to reassess the claim.

Given the voluntary nature of these payments, they are not considered unavoidable expenditure. However, they can be considered as reasonable costs of living if they, and any other reasonable costs of living, do not exceed the upper limit. For a definition of upper limit, refer to Social Security Guide, 1.1.U.20 on the [References](#) page.

Goods and Services Tax (GST) liabilities

When a self-employed customer is holding net GST liabilities, these amounts will be exempt for the purpose of calculating the LAWP.

This means that the net liability is the GST collected less the input tax credits which are deducted from the amount payable to the Australian Taxation Office (ATO).

The customer **must** supply evidence of GST registration, otherwise the amounts will be included in the calculation of the LAWP.

The customer **must** supply evidence at the end of the payment quarter that the amount was paid to the ATO, otherwise an overpayment will be raised and debt recovery will commence. The customer is responsible for providing evidence of GST registration if they want their net GST liabilities to be exempt from the LAWP calculation.

Note: GST liabilities are payable to the ATO 4 times a year. However, the ATO has advised that businesses can submit their GST liabilities as a weekly, monthly or quarterly payment. The ATO provides personalised payment books to businesses if they would prefer to use the weekly or monthly payment options.

The [References](#) page contains a link to the Social Security Guide, 3.1.2.30, Treatment of Liquid Assets.

Training & Support

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

- **s 47E(d)** Liquid Assets Waiting Period