Income support factsheet

Overview: There are three main changes to welfare settings.

- Firstly, main benefits will rise by $25 per week. These changes will come into effect on 1 April 2020 and are permanent.
- Secondly, to support beneficiaries and superannuitants, the rate of Winter Energy Payment will double in 2020. This change is temporary.
- Thirdly, from 1 July 2020, working families with children who are not receiving a main benefit and have some level of employment income each week will no longer have to satisfy the hours test to receive the In Work Tax Credit.

Estimated total cost: $2.8 billion over the next four years.

This includes:

- $480 million additional spend on the Winter Energy Payment in 2020
- $2.4 billion over the next four years to increase main benefits

These costings do not include the removal of the hours test, however is estimated to cost approx. $32 million per annum.

Timing for additional entitlements:

Recipients will not have to do anything to receive these additional entitlements. The additional support will be calculated automatically.

- Main benefits will increase on 1 April 2020 in line with wage growth (indexation) AND then by an additional $25 per week.

- Winter Energy Payment will start on 1 May 2020 and be paid at double the current rate for 2020 only. The rates for 2020 will be $40.91 per week (single people) and $63.64 per week (couples or people with dependents).

- From 1 July 2020, working families will no longer need to be "normally" working at least 20 hours a week (sole parents) or 30 hours a week (couples with children) to be eligible for the IWTC.

Changes to the In Work Tax Credit

The In Work Tax Credit is an income-tested cash payment of $72.50pw ($3,770 per year) to working families with children.

Under current settings, to be eligible families must be "normally" working at least 20 hours a week (sole parents) or 30 hours a week (couples).

Removing the hours test will extend eligibility for the IWTC to all families who are not receiving a main benefit and have some level of employment income each week. This is an important change as people may face a reduction of, or variable hours, in the wake of the COVID-19. Around 19,000 low-income families would benefit from this change.

Example*:* A is a sole parent that works 20 hours per week normally, earning income, and not receiving a main benefit. Because of this, A is eligible to receive the IWTC. However, in light of COVID-19, A's hours may be reduced to 10 hours per week. Because of this, she would no longer be entitled to the IWTC. This change will allow A to continue to receive the IWTC in these circumstances.