

Fact Sheet – Cessation of Newstart Allowance

What is happening with Newstart Allowance?

- Newstart Allowance ceased on 20 March 2020 and was replaced by the JobSeeker Payment, which is now the main working age payment for people aged from 22 years to Age Pension age who have capacity to work now or in the near future.

Changes from 20 March 2020

- Cessation of Newstart Allowance is part of a larger reform of working age income support payments.
- For recipients on Newstart Allowance before 20 March 2020, there was no change to their entitlement or obligations when all existing recipients were automatically transferred to JobSeeker Payment.
- JobSeeker Payment has the same basic qualification, payability and rates as Newstart Allowance. JobSeeker Payment recipients receive Energy Supplement and may be eligible for other supplementary payments.
- All Newstart Allowance recipients who had an exemption from mutual obligation requirements have maintained this exemption when they transferred to JobSeeker Payment.

Payment Background:

- Newstart Allowance was an income support payment paid to recipients aged between 22 years to Age Pension age while they looked for work. It was the main working age payment paid in Australia.
- Newstart Allowance was introduced in 1991 and, with Job Search Allowance, replaced Unemployment Benefit. Job Search Allowance and Newstart Allowance were amalgamated in September 1996.
- As at September 2019, there were around 680,000 Newstart Allowance recipients.

Cameos:

1. Emma

- Emma was granted Newstart Allowance on 1 February 2020 and will be transferred to JobSeeker Payment on 20 March 2020.
- There are no changes to her personal circumstances.
- Her payment is not affected when Newstart Allowance ceases on 20 March 2020.
- Her mutual obligation requirements will remain the same as those she agreed to in her job plan for Newstart Allowance.
- She receives the same payment rate on JobSeeker Payment that she received on Newstart Allowance, as long as there are no changes in her circumstances.

2. Penny

- Penny was granted Newstart Allowance on 1 January 2019 and will be transferred to JobSeeker Payment on 20 March 2020.
- Her payment was suspended on 19 March 2020 for not attending an appointment with her jobactive provider.
- Penny's payment will remain suspended when she transfers to Jobseeker Payment.
- She contacts her jobactive provider on 23 March 2020 and has a valid reason for failing to attend her appointment. Her jobactive provider arranges a reconnection appointment for her to attend within two business days.
- Penny attends the appointment and her payment suspension is lifted.
- Her mutual obligation requirements won't change, and she keeps the job plan she agreed to when she was on Newstart Allowance.
- She receives the same payment rate on JobSeeker Payment that she received on Newstart Allowance.

3. Marcus

- Marcus lodged a claim for Newstart Allowance on 10 March 2020.
- The claim was processed on 22 March 2020, and he was granted JobSeeker Payment. In addition, Marcus's payment was backdated to 10 March 2020.
- Marcus' first payment will consist of Newstart Allowance up until 19 March 2020, then JobSeeker Payment from 20 March 2020, and he receives the same total amount as he would have if he had just received Newstart Allowance.
- He receives the same payment rate on JobSeeker Payment that he received on Newstart Allowance.