

Fact Sheet – Cessation of Sickness Allowance

What is happening with Sickness Allowance?

- Sickness Allowance was closed to new recipients on 20 March 2020 and will cease completely on 20 September 2020.

Changes from 20 March 2020

- Those receiving Sickness Allowance before 20 March 2020 will continue to receive the payment for the length of their medical certificate, as long as they remain eligible.
- The payment will remain open until 20 September 2020 to allow the medical certificates of current recipients to expire.
- 28 days before their medical certificate expires Sickness Allowance recipients will receive a notification to book an appointment if they are still unable to return to work for medical reasons. If the recipient needs support after their medical certificate expires they will need to attend an appointment before they can be transferred to JobSeeker Payment.
 - Recipients who transfer to JobSeeker Payment will receive the same rate of payment as they would have received on Sickness Allowance.
- From 20 March 2020, eligibility for JobSeeker Payment became broader than Newstart Allowance to include access for people who have a temporary incapacity to work due to ill health or injury.
- JobSeeker Payment recipients are exempt from meeting mutual obligation requirements if their medical certificate indicates they are temporarily incapacitated or injured and have a work capacity of 8 hours or fewer.
- JobSeeker Payment recipients must meet mutual obligation requirements if their medical certificate indicates they are temporarily incapacitated or injured and have a work capacity of 8 hours or more.
- Recipients whose claims are backdated to before 20 March 2020, will receive Sickness Allowance for up to 13 weeks from their date of claim.

Changes from 20 September 2020

- On 20 September 2020, Sickness Allowance will be ceased completely as all remaining recipients would have returned to their job or transferred to another payment after their medical certificates expired.

Payment Background:

- Sickness Allowance was a short-term income support payment for people aged 22 years to Age Pension age who have a temporary incapacity due to illness or injury and who have a job or study to return to after their recovery. A medical certificate from a qualified medical practitioner was required to be supplied.
- Sickness Allowance was generally granted for the length of a person's medical certificate up to a period of 13 weeks. If payment was required after 13 weeks a person was required to lodge another medical certificate.
- Sickness Allowance was paid at the Newstart Allowance rate. Sickness Allowance recipients also received Energy Supplement and Pharmaceutical Allowance.
- As at September 2019, there were around 5,000 people receiving Sickness Allowance.

Cameos:

1. Francesca

- Francesca claims Sickness Allowance on 1 January 2020 as she has a temporary incapacity and is unfit for her usual work until 31 March 2020.
- Francesca's payment is not affected when Sickness Allowance closes to new recipients on 20 March 2020, but will be cancelled on 1 April 2020 after her medical certificate expires.
- Francesca advises Services Australia (Centrelink) she still needs income support and after attending her transition interview, she does not have to re-claim a new payment and she is transferred to JobSeeker Payment from 1 April 2020.
- Francesca receives the same payment rate on JobSeeker Payment that she previously received on Sickness Allowance.
- As Francesca lodges another medical certificate and has an assessed work capacity of less than 8 hours, she is exempt from mutual obligation requirements, and she retains Pharmaceutical Allowance.

2. Bob

- Bob claims Sickness Allowance on 1 January 2020 as he has a temporary incapacity and is unfit for his usual work until 31 March 2020.
- Bob's payment is not affected when Sickness Allowance closes to new recipients on 20 March 2020, but will be cancelled on 1 April 2020 after his medical certificate expires.
- Bob advises Centrelink he still needs income support and after attending his transition interview, he does not have to re-claim a new payment and he is transferred to JobSeeker Payment.
- Bob receives the same base payment rate on JobSeeker Payment that he previously received on Sickness Allowance.
- When Bob lodges another medical certificate, Centrelink assesses his work capacity. As Centrelink determines that he has an assessed work capacity greater than 30 hours, Bob will have mutual obligation requirements and is not eligible for Pharmaceutical Allowance.

3. Lee

- Lee contacts Centrelink on 1 April 2020 as he has a temporary incapacity and is unfit for his usual work until 30 June 2020.
- As Sickness Allowance is closed to new recipients, Lee claims JobSeeker Payment.
- Lee receives the same payment rate on JobSeeker Payment that he would have received on Sickness Allowance.
- When Lee lodges a medical certificate, Centrelink assesses his work capacity. As Centrelink determine that he has an assessed work capacity of less than 8 hours, Lee is exempt from mutual obligation requirements, and he receives Pharmaceutical Allowance.