

ADDITIONAL ESTIMATES 2025-26

TOPIC: COIN POCKET - PARTNER INCOME TEST INFORMATION

PROGRAM: Outcome 1

Rationale for the partner income test

- The income test ensures assistance is targeted to those most in need and supports the long-term sustainability of the social security system. It applies to all primary income support payment types.
- The income test uses the combined income of both partners, even if one of the partners does not receive a social security payment. This is because couples typically pool their resources and share many common living expenses.
 - These are relevant considerations in a targeted, needs-based system.
- The partner income test also supports equity in the social security system. Assessing a couple's combined income ensures that couples with similar (total) levels of resources receive similar levels of support. This would not happen if a partnered person's rate was based solely on their own income.
 - For example: if all the income of a wealthy couple was earned by one person, their partner could receive a full pension. However, if the same total income was earned equally between both members of a couple, neither person could receive a pension.
- The partner income test settings are kept under review to ensure they are meeting the requirements of the community for well-targeted income support.

Interactions with Family and Domestic Violence (FDV)

- When Services Australia assesses a relationship between 2 people, all relevant information about the relationship is considered. This includes the financial aspects of the relationship, the nature of the household, the personal and social aspects of the relationship, and the nature of the commitment.
- In some cases, it may be inappropriate for Services Australia to administer the partner income test rules and/or the partnered rate of payment. For example, where the recipient is experiencing FDV.
- Under social security law, Services Australia can decide there is a special reason not to treat a partnered person as a member of a couple.
- This can allow the person to receive the single rate of income support and not be subject to the partner income or asset tests.

- This discretion may only be exercised when full consideration of the person's circumstances would make it unjust or unreasonable not to do so.
- In cases where it is not clear if a person is a member of a couple, Services Australia may undertake a member of a couple assessment. Five factors are considered when determining this status, including:
 - The financial aspects of the relationship
 - The nature of the household
 - The social aspects of the relationship
 - Any sexual relationship between the people, and
 - The nature of the people's commitment to each other.

Number of people impacted by the partner income test

- The Department does not capture the number of people who lose eligibility or have their payment reduced due to the partner income test.
- This is because there are a range of circumstances that could result in a person losing eligibility or their payment being reduced, which may have concurrent impacts. For example, in addition to their partner's income, there may be changes in their own income and/or changes in their assets.
 - **Note:** *The above points are similar to the response to a QoN from 2023 (see PQ23-000025 at Attachment A).*
- The Department cannot estimate the number of people who are precluded from payment due to their partner's income, as it does not have data on people outside the social security system.

Other data relevant to the partner income test

- While the Department cannot isolate the impacts of partners' income on a person's entitlement to payment, it does collect other data relevant to the partner income test. This includes income support recipients' partnership status, personal and partner income, rate type, and the reason for rate reduction (if applicable).
- As at 26 December 2025, there are approximately 5.4 million income support recipients. Of these, around 1.9 million (35.3%) are partnered and around 3.5 million (64.7%) are single.
- Of the 1.9 million partnered recipients, around 1.8 million (92.6%) have a partner who earns income.
 - This accounts for around 32.7% of all income support recipients.
- Of partnered recipients with a partner who earns income, around 460,000 (30.7%) receive a reduced rate due to the income test, and just over a million (69.3%) receive the maximum rate.

- There are a range of circumstances under which these recipients may receive a reduced rate, and it is not limited to the partner income test alone.
- The following table includes data on recipients with partners earning income, who receive the full rate or an income-test reduced rate of payment. It excludes recipients with a partner who may or may not have income, but receive an asset-test reduced rate of payment.

Payment type	Full rate	Part rate (income test reduced)	Zero rate (income test reduced)	Other	Total
ABSTUDY (living allowance)	55	10	0	0	65
Age Pension	758,035	309,840	5,885	95	1,073,860
Austudy	1,530	795	460	10	2,795
Carer Payment	97,640	36,890	1,905	5	136,440
Disability Support Pension	92,425	36,320	1,660	10	130,415
Jobseeker Payment	72,620	36,440	10,925	375	120,365
Parenting Payment Partnered	7,635	8,565	4,235	5	20,440
Special Benefit	80	1,450	0	5	1,535
Youth Allowance (student and apprentice)	950	620	360	15	1,945
Youth Allowance (other)	595	270	105	5	975
Total (Number)	1,031,565	431,200	26,090	520	1,489,380
Total (Percentage)	69.3%	29.0%	1.8%	0.0%	100.0%

Note: totals may not add due to rounding.

Reports and stakeholder views

- The Department is aware of a petition to the House of Representatives to ‘end partner income tests in welfare payments’ (petition number EN7076).
 - The petition seeks to abolish partner income tests across all welfare payments, raise DSP rates to meet basic living costs, and implement safeguards to protect welfare recipients from economic abuse.
 - The Minister for Social Services responded to the petition on 27 July 2025 (see **Attachment B**).
- Stakeholders such as Economic Justice Australia and the Australian Council of Social Service regularly express concerns about the partner income test (for example, its impacts on people experiencing FDV or financial abuse).
- Partner income test issues are also raised by members of the public in ministerial correspondence.

Background

- On 27 November 2025, Senator Penny Allman-Payne wrote to the Secretary requesting information on the partner income test and the Senate Inquiry into the Disability Support Pension (**Attachment C**).
- On 4 December 2025, questions were taken on notice regarding the data the Department holds on the partner income test (**Attachment D**).

Operation of the partner income test

Pension recipients (Disability Support Pension, Age Pension and Carer Payment)

- The partner income test operates by:
 - combining the income of both members of the couple; and
 - attributing half the combined amount to each person.
- If a person's half of the income exceeds \$190 per fortnight, every attributed dollar over this amount reduces their pension by 50 cents.
- This means a part-pension may be payable if the couple's total assessable income is below \$3,934 a fortnight.

Allowance recipients (JobSeeker Payment, Parenting Payment and Youth Allowance)

- If their partner also receives an **allowance** or does **not receive any payment**:
 - Their partner's income will have no effect on their payment if it is below the partner income free area (currently \$1,392 per fortnight)¹; and
 - Will reduce their payment by 60 cents for each dollar over this threshold. This reduction is added to any reduction resulting from the recipient's own income.
- If their partner receives a **pension**:
 - Half the couple's combined income is used in the allowance recipient's personal income test.

For example: under the JSP income test, the recipient's half of the income would reduce their JSP by 50 cents for each dollar between \$150 and \$256, and 60 cents for each dollar over \$256.

Attachments

- **Attachment A – PQ23-000025**
- **Attachment B – Minister for Social Services response to petition number EN7076**
- **Attachment C – Request for Information from Senator Allman-Payne**
- **Attachment D – SQ25-000508 [to be released on 29 January]**

Katrina Chatham A/g Group Manager	System, Strategy and Seniors	s 22	s 22
Kirsty Johnson Branch Manager	Payment Structures and Seniors	s 22	s 22
Consultation	System, Strategy and Seniors		

¹ The partner income free area for allowances can change depending on other factors (e.g. the partner's age and the presence of dependent children).



Australian Government
Department of Social Services

**ANSWER TO QUESTION
SUBMITTED TO SENATE
PARLIAMENTARY QUESTION ON NOTICE**

PDMS reference: PQ23-000025
Question No: 1524
Date asked: 20 March 2023
Due date: **19 April 2023**
Asked by: Senator Janet Rice

The attached answer has been approved by the Minister for Social Services.

THE HON AMANDA RISHWORTH MP

/ /2023

Encl.

ANSWER TO SENATE QUESTION ON NOTICE

QUESTION NO: 1524
DATE ASKED: 20 March 2023

Senator Janet Rice asked the Minister representing the Minister for Social Services in writing on 20 March 2023:

How many people have their payment reduced or stopped under the partner income test each year for the past 5 years, please provide the data broken down by payment type.

Senator Farrell – The Minister for Social Services has provided the following answer to the honourable Senator’s question:

The Department of Social Services does not capture the number of people who lost eligibility or had their payment reduced due to the partner income test. This is because there are a range of circumstances that could result in a person losing eligibility or their payment being reduced, which may have concurrent impacts.



Australian Government
Department of Social Services

**ANSWER TO QUESTION
 SUBMITTED TO SENATE
 PARLIAMENTARY QUESTION ON NOTICE**

QUESTION NO:	1524	PQ23-000025
Date asked:	20 March 2023	
Asked by:	Senator Janet Rice	
Date due for tabling:	19 April 2023	
Subject:	Partner Income test - payment stopped or reduced	
Contact officer name and number:	Jenny Humphrys, Branch Manager, Data Access Branch s 22 [REDACTED]	
Group responsible:	Data and Evaluation	
Clearing officer:	Matt Flavel, Deputy Secretary, Social Services	
Background:	N/A	



THE HON TANYA PLIBERSEK MP
MINISTER FOR SOCIAL SERVICES

MC25-002903

Ms Susan Templeman MP
Chair
Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600

petitions.committee.reps@aph.gov.au

Dear Ms Templeman

Thank you for the notice of a petition referral (petition number EN7076) to the former Minister for Social Services and former Minister for the National Disability Insurance Scheme, the Hon Amanda Rishworth MP, dated 27 March 2025, about the Disability Support Pension (DSP), the partner income test and safeguards to protect recipients from economic abuse. I am responding as this topic now falls within my portfolio responsibilities.

Pensions, including DSP, are generally paid at the highest rate of income support payments in the social security system. To address the effects of inflation on cost of living for those on a payment, income support payments such as the DSP are increased twice each year. The last indexation occurred on 20 March 2025. The typical rate for single DSP recipients increased to \$1,149 a fortnight. The typical rate for partnered DSP recipients increased to \$866.10 a fortnight.

DSP recipients can also receive a range of other supports, including Commonwealth Rent Assistance, subsidised prescription medicines under the Pharmaceutical Benefits Scheme, and subsidised health care and related products. State and territory governments and some private providers also offer Pensioner Concession Card holders discounts on other goods and services, such as utility bills.

The DSP income test uses the income of both partners, even if one of the partners does not receive a pension. Couples generally share their expenses, such as various utilities including electricity, gas, internet and water. Therefore, the income of each member of a couple is assessed and ensures different couples with similar levels of resources receive similar levels of support from the social security system.

OFFICIAL

The income test is designed to encourage people to supplement their income support payments with other income, if they are able and wish to do so. A DSP recipient and their partner can earn some income before their payment starts to be reduced, known as the income free area. Further information is available at www.servicesaustralia.gov.au/income-test-for-disability-support-payment.

When Services Australia assesses a relationship between 2 people, all relevant information about the relationship is considered. This includes the financial aspects of the relationship, the nature of the household, the personal and social aspects of the relationship, and the nature of the commitment.

In some cases, people who are nominally in a relationship may not experience economic efficiencies and other benefits of a relationship, including people experiencing financial abuse. In these instances, Services Australia may consider 'special reasons', including the presence of family and domestic violence, to determine a person is not a member of a couple. Under such a determination, the person would not be subject to partnered income and asset testing, and would be paid the single rate.

Services Australia has specialist staff to assist people with sensitive, complex or vulnerable circumstances, including social workers who can provide counselling and support. Social workers can assist in several ways, including providing information about, or referring people to, community support services. Services Australia can be contacted on 13 28 50.

The Commonwealth Financial Counselling Program may also be of assistance to people experiencing financial hardship. This program provides free, confidential financial counselling services and can be accessed by phoning 1800 007 007 or by visiting www.ndh.org.au.

I appreciate you bringing this matter to my attention.

Yours sincerely

TANYA PLIBERSEK

27.7.25



27 November, 2025

Mr Michael Lye
 Secretary Department of Social Services
 Via email: michael.lye@dss.gov.au

RE: Request for Information Prepared Ahead of Community Affairs' Estimates Hearing

Dear Secretary Lye,

I write to you to request information to be prepared by the Department of Social Services ahead of the Community Affairs' estimates hearing next week.

Partner Income Test

- List all payments that are impacted by the Income Partner Test
- How many individuals receiving payments have their payments impacted by the Income Partner Test? Please provide this broken down by payment type.
- What is the average reduction in payment for payments impacted by the Income Partner Test? Please provide this broken down by payment type.
- What modeling has the Department undertaken to understand the number of individuals whose payments are impacted by the Income Partner Test?
- What modeling has the Department undertaken to understand the number of individuals who are unable to access any payments as a result of the Income Partner Test?
- How many individuals does the Department estimate are not eligible to receive a payment as a result of the Income Partner Test who otherwise would be able to? Please provide this per payment that the Income Partner Test applies to.
- What advice and consultation has been recently undertaken by the Department in relation to the continuation of the Income Partner Test?
- What advice and consultation has been recently undertaken by the Department in relation to the potential for the Income Partner Test to result in an individual's loss of financial independence and result in greater vulnerabilities for financial abuse and domestic violence?
- What rationale has the Department provided as advice to the Government in relation to continuing to maintain the Income Partner Test?

Partner Income Test and the Senate Inquiry into the Disability Support Pension

- What advice did the Department provide to the Government in preparation for the 2024 Government Response to the Senate Inquiry into the Disability Support Pension?



- What advice did the Department provide to the Government in relation to their decision to consider a "substantive government response...no longer appropriate"?

I would appreciate it if these questions could be provided by no later than COB Tuesday 2 December 2025 in preparation for the hearings on Thursday 4 December.

Thank you very much for your assistance with providing this information.

Kind regards,

Senator Penny Allman-Payne

Senate Community Affairs Legislation Committee**ANSWER TO QUESTION ON NOTICE****Social Services Portfolio****Department of Social Services****2025-26 Supplementary Budget Estimates**

Topic: Partner Income Test

Question reference number: DSS SQ25-000803

Question asked by: Penny Allman-Payne

Outcome Number: 1 - Social Security

Type of Question: Spoken

Hansard Page/s: 81

Date set by the Committee for the return of answer: 29 January 2026

Question:

Senator ALLMAN-PAYNE: Okay. Can you tell me what the average reduction is for payments impacted by the partner income test?

Ms Chatham: We don't have the data on the reductions or why people would lose eligibility or have their payments reduced because of the partner income test, because there's a range of circumstances that could have resulted in that, so we just don't collect the data on whether it was the partner's income or other.

Senator ALLMAN-PAYNE: So what data do you collect in relation to the partner income test?

Ms Chatham: I think we'd have to take that on notice and see what data we have on the partner income test.

Answer:

The Department of Social Services (the Department) collects the following data that is relevant to the partner income test:

- Recipient payment type
- Partnership status
- Personal income
- Partner income
- Rate type (i.e. maximum-rate, part-rate or nil-rate)
- Whether their rate reduction (if applicable) was caused by the income test or the assets test.

This data cannot be used to determine the specific impacts of the partner income test (including the average rate reduction caused by a person's partner's income) because there are a range of circumstances that could result in a person losing eligibility or their payment being reduced, which may have concurrent impacts.

For example, in addition to their partner's income, there may be changes in the recipient's own income and/or changes in their assets.

The Department cannot estimate the number of people precluded from payment due to their partner's income as it does not have data on people outside the social security system.



Australian Government
Department of Social Services

PROTECTED CABINET

MS25-000797

To: Minister for Social Services (For Decision)

VARIATION BID - TECHNICAL CHANGES NO. 1 BILL - AUTUMN 2026 SITTINGS

Critical Date: Please action by 9 January 2026 - Variation Bid due for consideration as soon as possible.

Recommendations:	
1. Agree to seek authority to add one measure to s 34(2) [redacted] [formerly s 34(2)]	Agreed / Not agreed
2. Agree to seek policy authority for the additional measure and other measures already drafted for s 34(2) [redacted]	Agreed / Not agreed
3. Sign the letter to the Prime Minister, the Hon Anthony Albanese MP, at Attachment A .	Signed / Not signed
Minister: <i>T. Perencevich</i>	Date: 8.1.2026
Comments:	
Clearing Officer:	Jo Evans A/g Deputy Secretary, Social Security Mob: s 22 [redacted] Date Cleared: 23 December 2025
Contact Officer:	Bronwyn Worswick Chief Counsel, Group Manager Legal, Audit and Assurance Mob: s 22 [redacted]

Document declassified on 7 Mar 2026

Key Points:

- s 34(3) [redacted] (MS25-000513 at **Attachment B**).

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2. After further discussions with your Office, the Department of Social Services (the Department) is proposing authority be sought for the Bill to include an additional measure to clarify employment income of a social security payment recipient's partner.
3. The letter and variation bid at **Attachment A** seeks authority to include the additional measure in the Bill, as well as policy authority for that measure and other measures identified during the drafting process that must be included in the Bill, including:

s 22



4. The letter at **Attachment A** must be provided to the Prime Minister's office as soon as possible for the variation bid to be considered by PBC out of session in January 2026.

Additional measure – Employment income attribution

5. The proposed additional measure is necessary to clarify that the employment income of the partner of a social security recipient can be assessed for the purposes of income testing that recipient.

s 42



Sensitivities and Handling

9. Overall, this Bill contains important remediation measures. From a handling perspective, careful communication will be required to explain the necessity of the measures, how the issues were identified, and what steps have been taken to address impacts on affected cohorts. The partner employment income assessment measure is a further legislative fix-up measure.

s 47C



PROTECTED CABINET

s 47C

Data referenced:

12. Nil.

Consultation:

- 13. Internal Consultation: Katrina Chatham, A/g Group Manager, System, Strategy and Seniors; Ben Peoples, Group Manager, Participation and Family Payments
- 14. External Consultation: First Parliamentary Counsel of the Office of Parliamentary Counsel (OPC) and the Parliamentary Affairs and Legislation Section of the Department of the Prime Minister and Cabinet have been consulted on the variation bid.

Risk Management:

s 47C

Legal advice:

s 42

19. In the absence of amendment, this issue has the potential to impact a number of recipients, although we anticipate the financial impact on an individual's payment rate is limited.

Regulatory Implications:

20. Nil.

Media and communication opportunities:

21. Nil.

Opportunities for First Nations people and their communities:

22. Nil.

Attachments:

- A: Letter to the Prime Minister
- B: MS25-000513 – Minister signed brief

PROTECTED CABINET



THE HON TANYA PLIBERSEK MP
MINISTER FOR SOCIAL SERVICES

MS25-000797

The Hon Anthony Albanese MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I write to seek your approval to vary a Bill to include a new measure on the 2026 Autumn legislation program. I also write to seek policy authority for this measure and several existing measures on the Bill.

The detail for the Bill is as follows:

s 34(2) [Redacted]

[previously] s 34(2) [Redacted]

Additional Measure

I seek your authority to add the following additional measure to this Bill:

1. s 34(2) [Redacted]

s 47C [Redacted]

s 22



The formal documentation for this bid is enclosed.

The contact officer in my Department is Ms Bronwyn Worswick, Chief Counsel, who can be contacted on s 22 or s 22 .

Yours sincerely

A handwritten signature in black ink that reads "Tanya Plibersek".

TANYA PLIBERSEK

cc: Minister for Government Services
The Hon Katy Gallagher MP

8.1.2026