



Australian Government
Department of Veterans' Affairs

Businessline

Action Required: Note information on the Workforce Incentive Scheme

To:

Assistant Secretary Income Support Branch
Assistant Secretary Business Improvement and QA Branch
Assistant Secretary Client Access & Rehabilitation
Policy Development Branch Directors
Division Coordinators

Distribute to:

Client Contact and Support – all staff
Income Support – all staff
Business Improvement and QA Directors

For information:

Secretary
Deputy President
Deputy Secretaries
First Assistant Secretaries
Deputy Commissioners
Assistant Secretaries

SUBJECT: Commencement of the Workforce Incentive Scheme

Purpose: To inform staff of the commencement of the Workforce Incentive Scheme on 1 January 2023.

Key Points:

- The Workforce Incentive Scheme (the scheme) will commence on 1 January 2023.
- The *Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022* received the Royal Assent on 23 November 2022.
- The key elements of the Workforce Incentive include:
 - Suspending for a period of up to two years, rather than cancelling, DVA income support pensioners (and partners of a couple) who lose payment due to their income, including some employment income, exceeding the disqualifying limit;
 - Creating an abridged process for returning to the DVA income support pension when their income falls to a level where they qualify for payment (during the two year period); and
 - Retention of the Pensioner Concession Card (PCC) for to the same 2 year period following payment being reduced to nil.

- This scheme is intended to remove disincentives for pensioners to re-enter the workforce or to increase the number of hours they work.
- The Workforce Incentive applies to recipients of Service Pension, Income Support Supplement, Veteran Payment and Age Pension (paid by DVA). Veteran payment recipients are not eligible for a PCC.

Background:

The *Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022* intends to encourage and support, service pension, income support supplement, and age pension recipients who are looking to re-enter the work force or to increase the number of hours they work.

To be eligible for the two year suspension and PCC retention, there must be information to establish that the person or their partner:

- is currently residing in Australia
- has total income exceeding the income limit and they have lost payability; and
- earns employment income.

Employment income is defined as income from remunerative work performed by a person in Australia as an employee in an employer/employee relationship and the person must be residing and working in Australia. Gainful work income from a business or from self-employment is not considered employment income.

Legislation:

The *Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022* received the Royal Assent on 23 November 2022.

Communication:

Articles regarding the scheme will be published in VetAffairs, eNews and Advocacy News.

Question & Answers relating to the scheme have been published in Vanqish to assist staff in answering questions from veterans and their families and advocates.

CLIK pages and DVA websites will be updated with the information in relation to the scheme.



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14 December 2022

Q&As – Workforce Incentive

The Government announced the Workforce Incentive measure to remove disincentives for income support pensioners to re-enter the workforce or to increase the number of hours they work by deferring cancellation and allowing the pension recipient to retain the pension concession card for a up to two-years.

The Workforce Incentive will be available from 1 January 2023.

Why are income support payments being suspended instead of cancelled?

- This scheme is intended to remove disincentives for pensioners to re-enter the workforce or to increase the number of hours they work.
- Suspension, rather than the cancellation of payments, will provide a simplified process for returning to the DVA income support pension when their income becomes less than the level where they qualify for payment (during the two year period). This will make it easier for veterans and partners to go back to work or increase their hours without requiring a full application to reinstate their payments for up to two years.

How is the Workforce Incentive different from the current program?

- The key changes introduced by the Workforce Incentive include:
 - Suspending for a period of up to two years, rather than cancelling, DVA income support pensioners who lose payment due to their income, including some employment income, exceeding the disqualifying limit;
 - Extending this suspension to partners of DVA income support pensioners, who are also income support pensioners;
 - Creating an abridged process for returning to the DVA income support pension when their income falls to a level where they qualify for payment (during the two year period); and
 - Allowing Service Pension, Income Support Supplement and Age Pension recipients to keep their Pensioner Concession Care (PCC) for up to 2 years following their payment being reduced to nil.

Which DVA payments does the Workforce Incentive apply to?

- The Workforce Incentive applies to recipients of:
 - Service Pension
 - Income Support Supplement
 - Veteran Payment (Not eligible for PCC)
 - Age Pension (paid by DVA)

Who is eligible?

- To be eligible for the two year suspension and PCC retention, there must be information to establish that the person:
 - is currently residing in Australia
 - has total income exceeding the income limit and they have lost payability; and
 - earns employment income.

What does employment income mean?

- Employment income is defined as income from remunerative work performed by a person in Australia as an employee in an employer/employee relationship and the person must be residing and working in Australia. Gainful work income from a business or from self-employment is not considered employment income for this measure.

Will clients have to apply for the Workforce Incentive?

- No. The suspension will apply automatically when an eligible client loses payability due to income that contains employment income. An eligible person will be advised of the details regarding the suspension and when the suspension is ending.

Are clients able to be suspended multiple times?

- Yes. There is no limit on how many times a person can benefit from the Workforce Incentive measure. A new two year maximum suspension period commences on each occasion that payment is suspended under the measure.