



## Centrelink Payments and Workers Compensation

*Note: The advice given is general in nature. We would urge you to seek further advice, as your situation may be different.*

Workers Compensation payments and commutation/lump sum payments will change your Centrelink payments. If you or your partner are in receipt of any Centrelink payments you should contact the Centrelink compensation recovery team on **1800 777 653** to talk about what that change might be. You can also call the Welfare Rights Centre on **1800 226 028** for independent advice.

### A bit of legal stuff:

Under social security law, compensation is defined as any payment for personal injury, illness, or disease that replaces lost income or earning capacity. This includes payments from within Australia or from overseas and applies to periodical payments as well as to lump sums.

### What this means for Workers compensation:

**Periodic payments:** refer to the weekly income replacement payments made to you by your insurer.

**Lump sum payments:** are any commutation payments, or other large payments you may receive through the workers compensation commission or directly from your insurer.

Note: It does not include any private insurance payments you may receive like income protection or accident insurance (though these may be considered for your eligibility for allowances within the assets test when you apply to Centrelink)

The majority of Centrelink payments will be affected.

### How do they work it out?

In general it is dollar for dollar. i.e if you receive \$200 per fortnight in workers compensation your Centrelink payments will be reduced by \$200 per fortnight.

### Is it backdated?

Yes. In most cases, if you got Centrelink payments while waiting for workers compensation or a commutation payment and those payments are backdated. Centrelink will take back what they have paid to you during that waiting period. There is an exception for people who were already receiving Centrelink payments, which were previously reduced by a compensation payment.

## Are lump sum payments treated differently from periodic payments?

Yes. Part of your lump sum is considered a “lost earnings” component (your weekly wage over a period of time paid in one go). This could be worked out by a court or will be 50% of the lump sum.

That “lost earnings” lump sum is called a “self-supporting” period of time by Centrelink. A calculation is used to work out how many weeks Centrelink wants you to look after yourself before you can rely on their support (the “preclusion period”).

You will not receive Centrelink support during that “Self-supporting” period.

Please note. This figure is based on the total lump sum. Any purchases you make (such as house, car, etc..) will be not be taken into account during this period so please be careful. e.g. If you use the whole lump sum to buy a house- you will be expected to sell the house.

Advice: If you are contemplating a lump sum please seek financial advice before you sign your agreement. The IWSN suggests making an appointment with a financial counselor to help you create a budget plan.

## What about my partner?

Centrelink looks to your Centrelink payments first, if there is money remaining it will then look at your partners Centrelink payments.

e.g. Bill and Clair are married with children. If Bill was getting \$400 a fortnight from Centrelink but got \$600 a fortnight from workers comp he wouldn't receive any Centrelink payments. The remaining \$200 would be part of the assets test for Clair's payments. –you need to talk to Centerlink about what that will mean for you.

## This is complicated but there are people who can help.

Centrelink have a **Compensation Recovery team** you can call to help you work out what your Centrelink payments might be:

Call them on: **1800 777 653**

You can try Centrelink's **online compensation estimator**.

<http://www.humanservices.gov.au/customer/enablers/centrelink/compensation-recovery/compensation-estimator>

You can also make an appointment with a **Centrelink office**.

You can call the **Welfare Rights Centre** on **1800 226 028** for independent advice.

## Compensation review and appeal rights:

If you think a decision Centrelink made is wrong, you have the right to ask Centrelink to look at it again.

*Note: Information contained in this fact sheet was taken from Centrelink website.*