

Exemptions from the activity test

To be eligible to receive newstart allowance and certain other payments, you usually have to look for and accept work and undertake other activities, such as training. This is called the “activity test” or “mutual obligation”. Usually the activities you have to undertake are written down in your Job Plan.

This factsheet is about the situations when you may be exempt from the activity test, especially because of ill health. It contains general information only, and is not legal advice. For legal advice contact your local social security rights service, which you can find from our website www.nssrn.org.au.

Overview of exemptions

There are a number of situations where you may be exempt from the activity test or automatically considered to meet it.

These include a range of circumstances where someone may find it hard to meet their obligations such as homelessness, Indigenous cultural business or temporary caring responsibilities.

The most common reason for applying for an exemption is temporary incapacity due to a medical condition.

Exemption due to temporary incapacity

You may be exempt from the activity test if you are unable to work 8 hours a week wholly, or “virtually wholly” because of a medical condition and this is temporary. A temporary condition may be a new condition or the exacerbation of an existing condition, but must generally be expected to last less than two years.

To apply for an exemption your GP fills in a Centrelink medical certificate form, which Centrelink makes available to GPs. It asks for:

- a diagnosis
- a prognosis
- whether you are incapacitated
- the period of incapacity.

If an exemption is granted, it will usually be only for the period of incapacity stated by your GP up to a maximum of 13 weeks. You can apply for a further exemption when the current exemption ends.

Centrelink may temporarily change your compulsory activities instead of granting an exemption.

Why didn't Centrelink accept my medical certificate?

There are a range of circumstances where Centrelink may not grant an exemption from the activity test, even if you give them a medical certificate.

If an exemption is not granted, it is important to go to appointments or other compulsory activities as otherwise your payment may be suspended or cancelled, or you may be penalised. The most severe penalty for not meeting your obligations is an eight week period without payment.

Some common situations where Centrelink may not grant an exemption are discussed below.

The medical certificate states that your incapacity is permanent or likely to last more than two years

An exemption may be granted only if your condition is temporary, which usually means expected to last for less than two years.

If your condition is expected to last for two years or more, you should normally lodge an application for the disability support pension instead. You will be exempt from the activity test while your application is being processed.

Centrelink may also refer you for a more comprehensive assessment of your ability to work, called an Employment Services Assessment. This aims to identify obstacles to work and ensure that obligations placed on you are reasonable in light of your medical problems, disabilities and personal circumstances. This can help to ensure that your compulsory activities are reasonable and take into account your medical conditions, as well as your eligibility for certain payments or services.

It may also place a “vulnerability indicator” on your record. This may be taken into account by Centrelink in a range of circumstances and can help ensure your situation is properly taken into account.

You recently gave Centrelink a medical certificate listing the same conditions

It is possible to have exemptions granted for multiple 13 week periods.

However, Centrelink may not grant another back-to-back exemption if your medical certificate lists the same conditions as your last certificate. This may be because it indicates that your medical condition is not temporary.

It may be appropriate to lodge an application for the disability support pension if your medical conditions are going to reduce your ability to work on a long-term basis.

Your application for the disability support pension has been rejected

If Centrelink recently rejected your claim for the disability support pension and you then give Centrelink another medical certificate listing the conditions that were part of your disability support pension claim, Centrelink may not grant an exemption from the activity test.

This may be because these medical conditions were assessed as part of your disability support pension application and you were assessed as having the ability to work more than eight hours per week. If you don't agree with this assessment, it may be more appropriate to appeal against the decision to reject your disability support pension claim. There is a factsheet about appealing Centrelink decisions on our website.

Your options if Centrelink does not grant an exemption

If an exemption is not granted, you can:

- appeal against this decision to a Centrelink authorised review officer
- make sure your employment service provider is aware of your circumstances, particularly any changes, as they may then request that Centrelink reassess your work capacity and compulsory requirements
- lodge a disability support pension claim.

Exemptions and the disability support pension

It is important to consider the impact of exemptions on your eligibility for the disability support pension.

If you have long-term health problems, you may need to apply for the disability support pension in the future. Under the current rules, many people have to participate in a “program of support”, usually for 18 months in the three years prior to making a disability support pension claim. The main “program of support” is employment services programs for people receiving newstart allowance and other activity tested payments.

The times you were exempt from the activity test due to a medical exemption do not count towards this 18 month requirement.

This means that it may be more difficult for you to qualify for the disability support pension in the future if you have not participated in employment services because of an exemption.