# Policy costing request—during the caretaker period for a general election

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| Name of policy: | Ending compulsory income management |
| Person requesting costing: | Senator Richard Di Natale |
| Parliamentary party:  | Australian Greens |
| Date of request to cost the policy: | 1 July 2016 |
| *Note: This policy costing request and the response to this request will be made publicly available.* |
| Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)? | No |
| Details of the public release of this policy (Date, by whom and a reference to that release): | Announced by Australian Greens Senator Rachel Siewert 24 June 2016: <http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-plans-reverse-income-management>; <http://greens.org.au/sites/greens.org.au/files/20160620%20Reversing%20income%20management.pdf>  |
| **Description of policy** |
| Summary of policy (as applicable, please attach copies of relevant policy documents): | The proposal would remove all forms of compulsory income management including:* The cashless debit card, including not proceeding with the third trial site
* Other groups subject to income management under the following mechanisms:
	+ Case-by-case measures:
		- Vulnerable welfare payment recipients measure
		- Child protection measure
		- Supporting people at risk measure
		- Compulsory income management in Cape York
	+ Membership of a class measures:
		- Vulnerable (youth triggers)
		- Disengaged youth (NT)
		- Long term welfare (NT)

Infrastructure will be retained as needed for individuals currently voluntarily undertaking income management, while removing requirements for individuals who have not entered income management voluntarily.  |
| What is the purpose or intention of the policy? | To remove compulsory income management.  |
| **What are the key assumptions that have been made in the policy, including:** |
| Is the policy part of a package?If yes, list the components and interactions with proposed or existing policies. | Part of the broader inequality package – greens.org.au/inequality  |
| Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount? | - |
| Will third parties (for instance the States/Territories) have a role in funding or delivering the policy?If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged? | - |
| Are there associated savings, offsets or expenses?If yes, please provide details. | - |
| Does the policy relate to a previous budget measure? If yes, which measure? | Includes reversal of the increased spending in the 2016-17 Budget measure *Cashless Debit Card – third trial site* |
| If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? | - |
| Will the funding/program cost require indexation?If yes, list factors to be used. | - |
| **Expected impacts of the proposal** |
| If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis? |
| **Estimated financial implications (outturn prices)(a)** |
|  | 2016–17 | 2017–18 | 2018–19 | 2019–20 |
| Underlying cash balance ($m) | 65 | - | - | - |
| Fiscal balance ($m) | 65 | - | - | - |
| 1. A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.
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| What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)? | - |
| Has the policy been costed by a third party?If yes, can you provide a copy of this costing and its assumptions? | - |
| What is the expected community impact of the policy?How many people will be affected by the policy?What is the likely take up?What is the basis for these impact assessments/assumptions? | Individuals and communities will benefit from no longer having a punitive and ineffective policy imposed on them. |
| **Administration of policy:** |
| Who will administer the policy (for example, Australian Government entity, the States, non‑government organisation, etc)? | Commonwealth |
| Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies). | Eligibility assessments as for existing income management measures.  |
| Intended date of implementation: | 1 September 2016 |
| Intended duration of policy: | Ongoing. |
| Are there transitional arrangements associated with policy implementation? | Yes – prior to 1 September 2016, there will be communication to ensure individuals are aware that compulsory income management is ceasing.  |
| List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0). | - |
| Are there any other assumptions that need to be considered? | - |
| **NOTE:***Please note that:**The costing will be on the basis of information provided in this costing request.**The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.* |