



Abolish punitive social security programs

Party:

Australian Greens

Summary of proposal:

The proposal would abolish the following compulsory income support measures from 1 July 2022:

- Youth Jobs Prepare-Trial-Hire (PaTH) program
- Work for the Dole
- Community Development Program
- Cashless Debit Card
- All compulsory Income Management measures
 - Income support recipients would still be able to voluntarily access the income management program.
- ParentsNext program.

A disaggregation of the financial implications of each measure being abolished was also requested.

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$2,368 million over the 2022-23 Budget forward estimates period.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest tables) over the period to 2032-33 is provided at Attachment A.

The financial implications of this proposal are sensitive to labour force projections, indexation growth factors, and growth in the number of eligible income support recipients over the period to 2032-33. They are also sensitive to flow-on impacts to other social security payments. Additionally, it is uncertain how current transitions from existing to new programs will impact the cost and administration of existing measures, including:

- the transition from the *jobactive* program to the New Employment Services Model in July 2022
- the transition from the Community Development Program to a new remote jobs program in 2023.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	604.4	596.2	583.7	584.1	2,368.4
Underlying cash balance	604.4	596.2	583.7	584.1	2,368.4

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing the proposal.

- Abolishing the Work for the Dole and Youth Jobs PaTH programs would not have ongoing departmental funding implications for the Department of Education, Skills and Employment (DESE), as its contract management workload across the New Employment Services Model is expected to remain largely unchanged.
- The proportion of people voluntarily accessing Income Management would remain at historical trends.
- There would be no flow-on impacts to other social security payments as a result of this proposal.
- Costs for the Cashless Debit Card and ParentsNext programs would grow over the medium term according to the relevant indexation factors.
- The proportion of people voluntarily accessing the ParentsNext program would be similar to that of the Income Management program.

Methodology

As the budget baseline financial implications of the Cashless Debit Card and Income Management programs are not-for-publication, the PBO has formed its own estimate of the savings expected from the program based on publicly available information, supported by historical information from the Department of Social Services and Services Australia. These figures are PBO estimates and may not match the amounts reflected in the budget baseline.

- Given the extensive interaction between the Cashless Debit Card and Income Management programs, the financial implications for these programs have been combined.

Financial implications relating to the abolition of the Youth Jobs PaTH program and Work for the Dole were calculated using modelling provided by DESE.

Financial implications of the ParentsNext were estimated based on figures provided by DESE.

Financial implications of the Community Development Program were estimated based on figures provided by the National Indigenous Australians Agency.

Termination costs for each program, including decommissioning costs and the delayed payment of entitlements to existing participants, were calculated using modelling provided by DESE as at the 2019-20 Budget, scaled to match the relevant elements of each program's expenditure estimated at the 2022 Pre-election Economic and Fiscal Outlook.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Finance and the Treasury provided indexation parameters as at the *Pre-election Economic and Fiscal Outlook 2022*.

The Department of Education, Skills and Employment provided modelling for the New Employment Services Model as at the *Pre-election Economic and Fiscal Outlook 2022*, and abolition estimates for the Youth Jobs PaTH and Work for the Dole programs as at the 2019-20 Budget.

The Department of Education, Skills and Employment provided funding data for the Youth Jobs PaTH, Work for the Dole and ParentsNext programs as at the *Pre-election Economic and Fiscal Outlook 2022*.

The National Indigenous Australians Agency provided modelling for the Community Development Program, as at the 2022-23 Budget.

Department of Social Services (2022) [Australian Government Income Management Program](#), DSS, Australian Government, accessed 3 May 2022.

Department of Social Services (2022) [Australian Government Cashless Debit Card Program](#), DSS, Australian Government, accessed 3 May 2022.

Senate Community Affairs Legislation Committee (2021) [2021-22 Supplementary Budget Estimates, Social Services Portfolio](#), Parliament of Australia, accessed 4 May 2022.

Department of Social Services (2021) [Documents relating to the Cashless Debit Card](#), DSS, Australian Government, accessed 5 May 2022.

Australian Associated Press (2021) [Cashless welfare card cost is way off the money](#), accessed 5 May 2022.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Abolish punitive social security programs – financial implications

Table A1: Abolish punitive social security programs – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Administered													
<i>Youth Jobs PaTH</i>	41.0	73.8	70.4	70.4	71.1	71.2	73.1	73.1	73.1	73.1	73.1	255.6	763.4
<i>Work for the Dole</i>	31.1	42.3	39.3	40.1	39.7	39.9	42.6	42.6	42.6	45.5	45.5	152.8	451.2
<i>Community Development Program</i>	382.0	309.0	309.0	309.0	309.0	309.0	309.0	309.0	309.0	309.0	309.0	1,309.0	3,472.0
<i>Income Management and Cashless Debit Card</i>	39.7	38.6	39.4	40.4	41.4	42.4	43.4	44.5	45.6	46.8	47.9	158.1	470.1
<i>ParentsNext</i>	91.0	102.0	100.0	98.0	101.0	103.0	106.0	108.0	111.0	114.0	117.0	391.0	1,151.0
Total – administered	584.8	565.7	558.1	557.9	562.2	565.5	574.1	577.2	581.3	588.4	592.5	2,266.5	6,307.7
Departmental													
<i>Youth Jobs PaTH</i>	-4.2	-	-	-	-	-	-	-	-	-	-	-4.2	-4.2
<i>Work for the Dole</i>	-7.3	-	-	-	-	-	-	-	-	-	-	-7.3	-7.3
<i>Community Development Program</i>	-7.7	-	-	-	-	-	-	-	-	-	-	-7.7	-7.7
<i>Income Management and Cashless Debit Card</i>	46.1	30.5	25.6	26.2	26.4	26.5	26.7	26.9	27.1	27.3	27.5	128.4	316.8
<i>ParentsNext</i>	-7.3	-	-	-	-	-	-	-	-	-	-	-7.3	-7.3
Total – departmental	19.6	30.5	25.6	26.2	26.4	26.5	26.7	26.9	27.1	27.3	27.5	101.9	290.3
Total (excluding PDI)	604.4	596.2	583.7	584.1	588.6	592.0	600.8	604.1	608.4	615.7	620.0	2,368.4	6,598.0

(a) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Abolish punitive social security programs – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	7.0	21.0	34.0	48.0	64.0	80.0	99.0	120.0	143.0	168.0	200.0	110.0	984.0
Underlying cash balance	6.0	19.0	33.0	47.0	62.0	78.0	97.0	117.0	140.0	165.0	197.0	105.0	961.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)