



Policy costing

Abolish Income Management, Work for the Dole, and other measures	
Party:	Australian Greens
Summary of proposal: This proposal would abolish the following compulsory income support measures from 1 July 2019: <ul style="list-style-type: none">• Cashless Debit Card• Youth Jobs Prepare-Trial-Hire (PaTH) program• Work for the Dole• Community Development Program• ParentsNext• the following elements of the Income Management program:<ul style="list-style-type: none">– Conditional income management (Cape York)– Basics card– NT intervention/Stronger futures compulsory income measures– Place-based income management– Child protection measure– Vulnerable measure (social worker referrals)– Vulnerable measure (youth trigger).	

Costing overview

This costing would be expected to increase the fiscal and underlying cash balances by \$2,676 million over the 2019-20 Budget forward estimates period. This impact reflects a decrease in administered expenses of \$2,277 million and a decrease in departmental expenses of \$399 million over this period.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The estimated 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 2019-20 Budget forward estimates period and the medium term. They are also sensitive to flow-on impacts on social security payments as a result of this proposal.

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

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	633	725	658	659	2,676
Underlying cash balance	633	725	658	659	2,676

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

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

- Abolishing the Youth Jobs PaTH and Work for the Dole programs would not have ongoing departmental funding implications for the Department of Jobs and Small Business, as its contract management workload across the jobactive program (of which these programs are a part) is expected to remain largely unchanged.
- There are no flow-on impacts on other social security payments.

Methodology

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

Financial implications relating to the abolition of the Youth Jobs PaTH program and Work for the Dole were calculated using modelling provided by the Department of Jobs and Small Business. These implications include estimated termination costs, including decommissioning costs, contract severance fees and the delayed payment of entitlements to existing participants in each program.

Financial implications of the Community Development Program were estimated based on figures provided by the Department of the Prime Minister and Cabinet. Estimates for this program are indicative only and there may be additional redundancy, decommissioning and other costs associated with ceasing the 2018-19 Budget measure *Community Development Program – Reform* not reflected in these amounts. Any such costs are likely to be incurred in 2019-20 only.

All affected Income Management program elements have funding provisioned in the budget baseline until 30 June 2020. Costing estimates represent the reversal of these provisions. To isolate the saving due to the removal of compulsory income management, the total expenditure amount was reduced by the proportion of voluntary income management participants to all income management participants.

Consistent with the policy specification, the PBO has assumed that the abolition of the ParentsNext program would not have financial implications because any savings would be reinvested into other programs.

All estimates were rounded to the nearest \$1 million.

Data sources

Department of Social Services, 2018. *Income Management and Cashless Debit Card Summary (31 March 2018)*. Canberra: Department of Social Services. [Online] Available at: <https://data.gov.au/dataset/ds-dga-3b1f1fb7-adb5-48ea-8305-9205df0a298c/details> [Accessed 30.04.2019].

The Department of Jobs and Small Business provided the jobactive program's forward estimates model as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Social Services provided funding information for the 2018-19 Mid-Year Economic and Fiscal Outlook measure *Income Management – extension and consultation*.

The Department of the Prime Minister and Cabinet provided funding information for the Community Development Program, current as at 15 March 2019.

The Department of Finance provided indexation parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

Attachment A – Abolish Income Management, Work for the Dole, and other measures – financial implications

Table A1: Abolish Income Management, Work for the Dole, and other measures – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Expenses					
<i>Administered</i>					
<i>Cashless Debit Card</i>	38	52	3	..	93
<i>Youth Jobs PaTH program</i>	130	211	243	244	829
<i>Work for the Dole</i>	51	55	55	56	217
<i>Community Development Program</i>	283	283	285	287	1,138
<i>Income Management program</i>	..	-	-	-	..
Total – administered	502	601	586	587	2,277
<i>Departmental</i>					
<i>Cashless Debit Card</i>	25	53	1	..	80
<i>Youth Jobs PaTH program</i>	-13	-	-	-	-13
<i>Work for the Dole</i>	-12	-	-	-	-12
<i>Community Development Program</i>	71	71	71	72	284
<i>Income Management program</i>	60	-	-	-	60
Total – departmental	131	124	72	72	399
Total – expenses	633	725	658	659	2,676

- (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.
- (b) Figures may not sum to totals due to rounding.
- .. Not zero but rounded to zero.
- Indicates nil.