



Age and veterans service pension work bonus – double	
Party:	The Coalition
Summary of proposal:  The proposal would increase the work bonus to \$600 per fortnight and cap the income bank at \$11,800.  The proposal would commence on 1 July 2025 and be ongoing.	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$419.5 million over the 2025-26 Budget forward estimates period (see Table 1). This impact primarily reflects an increase in administered expenses for relevant payments, partially offset by an increase in personal income tax revenue. Increases in departmental expenses would be relatively small.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The financial implications of this proposal are uncertain and sensitive to a range of assumptions, including those related to growth in the eligible population, their paid employment patterns and the relevant indexation parameters. They are also sensitive to the assumption that the behavioural response from eligible recipients would be negligible. The financial implications of the proposed changes to the income bank are particularly uncertain.

**Table 1: Age and veterans service pension work bonus – double – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-101.6	-103.9	-105.2	-108.8	<b>-419.5</b>
Underlying cash balance	-101.6	-103.9	-105.2	-108.8	<b>-419.5</b>

(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 this proposal.

- Eligible recipients would not change their paid employment behaviour in response to the proposal.
  - As at March 2024, approximately 3% of Age Pension recipients reported employment earnings.
    - According to the Government's *Retirement Income Review 2020*, "evidence suggests that incentives to encourage people to continue to work have a limited impact on people's decisions to retire" (page 55).

- In reference to the same review and findings from the Australian Bureau of Statistics, “most age pensioners do not work during their retirement years”, and “those who work less than 35 hours a week, prefer not to work additional hours because they are satisfied with their current situation” (pages 427-428).
- Around 3% of Service Pension and Income Support Supplement recipients would have paid employment – the same proportion observed for the Age Pension recipients as at March 2024.
- The average financial benefit received, fortnightly earnings, and departmental expenses per Service Pension and Income Support Supplement recipients under the proposal would be the same as Age Pension recipients.

## Methodology

The PBO has estimated the revenue and expenses impact from the proposal using the Policy and Evaluation Model (PoEM).

- PoEM is a microsimulation model of administered transfer payments developed by the Department of Social Services and provided to the PBO for use in costing policy proposals.
- The PBO has extended the 2024-25 Budget version of the model over the medium-term using trends exhibited over the forward estimates and projections of the relevant policy and economic parameters as at the 2025 Pre-election Economic and Fiscal Outlook (PEFO).

The number of newly eligible recipients was estimated as per the *Key Assumptions*.

Financial implications were rounded consistent with the PBO’s rounding rules.<sup>1</sup>

## Data sources

The Australian Taxation Office provided personal income data for the 2021-22 financial year.

The Department of Finance and Treasury provided indexation parameters and population projections as at the 2025 PEFO.

The Department of Social Services (DSS) provided PoEM as at the 2024-25 Budget.

DSS provided forecasts for Age Pension expenditure and recipients as at the 2025 PEFO.

The Department of Treasury provided forecasts for Carer Payment and Disability Support Pension expenditure and recipients as at the 2025 PEFO.

The Department of Veterans’ Affairs provided forecasts for Service Pension expenditure and recipients as at the 2025 PEFO.

Services Australia provided unit administration costs as at the 2025 PEFO.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

DSS (2024) [DSS Demographics December 2024](#), data.gov.au website, accessed 9 May 2025

The Department of Treasury (2020) [Retirement Income Review Final Report July 2020](#), Australian Government, accessed 6 May 2025.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Age and veterans service pension work bonus – double – Financial implications

**Table A1: Age and veterans service pension work bonus – double – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Revenue</b>													
<i>Personal Income Tax</i>	43.9	43.6	43.5	43.9	44.4	44.9	45.4	46.2	47.1	50.9	52.0	174.9	505.8
<b>Total – revenue</b>	<b>43.9</b>	<b>43.6</b>	<b>43.5</b>	<b>43.9</b>	<b>44.4</b>	<b>44.9</b>	<b>45.4</b>	<b>46.2</b>	<b>47.1</b>	<b>50.9</b>	<b>52.0</b>	<b>174.9</b>	<b>505.8</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>Age Pension</i>	-136.0	-138.0	-139.0	-143.0	-148.0	-152.0	-156.0	-160.0	-165.0	-169.0	-173.0	-556.0	-1,679.0
<i>Carer Payment</i>	-1.9	-1.9	-2.0	-2.1	-2.2	-2.3	-2.4	-2.5	-2.6	-2.7	-2.8	-7.9	-25.4
<i>Disability Support Pension</i>	-3.0	-3.2	-3.5	-3.6	-3.7	-3.8	-3.9	-4.0	-4.2	-4.3	-4.4	-13.3	-41.6
<i>Service Pension</i>	-2.5	-2.4	-2.3	-2.2	-2.0	-1.9	-1.8	-1.7	-1.5	-1.4	-1.3	-9.4	-21.0
<i>Income Support Supplement</i>	-2.0	-1.9	-1.8	-1.7	-1.6	-1.5	-1.5	-1.4	-1.4	-1.3	-1.3	-7.4	-17.4
<b>Total – administered</b>	<b>-145.4</b>	<b>-147.4</b>	<b>-148.6</b>	<b>-152.6</b>	<b>-157.5</b>	<b>-161.5</b>	<b>-165.6</b>	<b>-169.6</b>	<b>-174.7</b>	<b>-178.7</b>	<b>-182.8</b>	<b>-594.0</b>	<b>-1,784.4</b>
<b>Departmental</b>													
<i>Services Australia and the Department of Veterans' Affairs</i>	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4	-1.5
<b>Total – departmental</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-1.5</b>
<b>Total – expenses</b>	<b>-145.5</b>	<b>-147.5</b>	<b>-148.7</b>	<b>-152.7</b>	<b>-157.6</b>	<b>-161.6</b>	<b>-165.7</b>	<b>-169.8</b>	<b>-174.9</b>	<b>-178.9</b>	<b>-183.0</b>	<b>-594.4</b>	<b>-1,785.9</b>
<b>Total (excluding PDI)</b>	<b>-101.6</b>	<b>-103.9</b>	<b>-105.2</b>	<b>-108.8</b>	<b>-113.2</b>	<b>-116.7</b>	<b>-120.3</b>	<b>-123.6</b>	<b>-127.8</b>	<b>-128.0</b>	<b>-131.0</b>	<b>-419.5</b>	<b>-1,280.1</b>

(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.

**Table A2: Age and veterans service pension work bonus – double – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)(c)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	-2.3	-6.9	-11.8	-17.1	-22.8	-28.9	-35.5	-42.6	-50.3	-58.4	-67.0	<b>-38.1</b>	<b>-343.6</b>
<b><i>Underlying cash balance</i></b>	-1.7	-5.8	-10.6	-15.8	-21.4	-27.4	-33.9	-40.9	-48.4	-56.3	-64.9	<b>-33.9</b>	<b>-327.1</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals 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 glossary<sup>2</sup>.
- (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.

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<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)