



Social Services - Earlier Access to the Age Pension - Lower the pension age to 65 years	
Party:	Australian Greens
Summary of proposal: The proposal would lower the Age Pension age to 65 from 1 July 2026.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$10.1 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact primarily reflects a net increase in administered expenses for welfare payments and a small reduction in departmental expenses. This would be slightly offset by an increase in personal income tax revenue.

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 particularly sensitive to the assumption around the number of newly eligible recipients for the Age Pension, including a cohort who are currently not on welfare payments and hence not captured in the administrative data. The estimates are also sensitive to assumptions on indexation and population growth, as well as the assumption that payment recipients would not alter their work hours, or assessable income or assets in response to the proposal. The estimates do not include impacts from interactions with other social welfare policy proposals.

Table 1: Social Services - Earlier Access to the Age Pension - Lower the pension age to 65 years – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-3,263.4	-3,416.9	-3,428.8	-10,109.1
Underlying cash balance	-	-3,263.4	-3,416.9	-3,428.8	-10,109.1

(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.

- Indicates nil.

Key assumptions

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

- The impact on the recipients administered by the Department of Veteran Affairs would not be significant and therefore not included in this costing.
- The proportion of the general population claiming the Age Pension in each age cohort would be constant at historical averages over the costing period, adjusted for demographic characteristics

where necessary. Under this assumption, the proportion of the population that would access the Age Pension under the proposal would be between:

- 25% and 28% for males aged between 65 and 66
- 33% and 35% for females aged between 65 and 66.
- All JobSeeker recipients projected in the baseline who meet the eligibility criteria for the Age Pension would automatically transfer to the Age Pension.

Methodology

The administered expenses were calculated by multiplying the number of additional eligible recipients by the average net benefit per recipient.

- The number of additional eligible recipients was estimated using population projections provided by the Treasury, data on current Age Pension recipients from the Department of Social Services and Age Pension recipients as a share of the general population estimated as per *Key assumptions*.
- The average net benefit per recipient accounts for the payment rate differences when recipients switch from other payments such as Jobseeker to Age Pension under the proposal. The impact was estimated using the data provided by the Department of Social Security and the relevant indexation parameters.

Departmental impacts were calculated by multiplying the number of estimated additional Age Pension recipients by the net change in annual cost of administering payments to new recipients. This accounts for savings in cases where recipients move over to Age Pension from the more-costly-to-administer JobSeeker payment.

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

The Department of Social Services provided expenditure and population forecasts for Age Pension recipients as at the 2025 PEFO.

The Treasury provided forecasts for JobSeeker expenditure as at the 2025 PEFO.

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

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

Attachment A – Social Services - Earlier Access to the Age Pension - Lower the pension age to 65 years – Financial implications

Table A1: Social Services - Earlier Access to the Age Pension - Lower the pension age to 65 years – Fiscal and underlying cash balances (\$m)^(a)

	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
Revenue													
<i>Personal Income Tax</i>	-	205.0	223.0	241.0	258.0	272.0	292.0	313.0	336.0	359.0	392.0	669.0	2,891.0
Total – revenue	-	205.0	223.0	241.0	258.0	272.0	292.0	313.0	336.0	359.0	392.0	669.0	2,891.0
Expenses													
Administered													
<i>Net government payments</i>	-	-3,500.0	-3,670.0	-3,700.0	-3,730.0	-3,740.0	-3,850.0	-4,000.0	-4,280.0	-4,580.0	-5,000.0	-10,870.0	-40,050.0
Total – administered	-	-3,500.0	-3,670.0	-3,700.0	-3,730.0	-3,740.0	-3,850.0	-4,000.0	-4,280.0	-4,580.0	-5,000.0	-10,870.0	-40,050.0
Departmental													
<i>Services Australia</i>	-	31.6	30.1	30.2	31.4	33.1	34.5	35.6	36.2	36.9	36.9	91.9	336.5
Total – departmental	-	31.6	30.1	30.2	31.4	33.1	34.5	35.6	36.2	36.9	36.9	91.9	336.5
Total – expenses	-	-3,468.4	-3,639.9	-3,669.8	-3,698.6	-3,706.9	-3,815.5	-3,964.4	-4,243.8	-4,543.1	-4,963.1	-10,778.1	-39,713.5
Total (excluding PDI)	-	-3,263.4	-3,416.9	-3,428.8	-3,440.6	-3,434.9	-3,523.5	-3,651.4	-3,907.8	-4,184.1	-4,571.1	-10,109.1	-36,822.5

(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: Social Services - Earlier Access to the Age Pension - Lower the pension age to 65 years – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)(c)}

	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
<i>Fiscal balance</i>	-	-70.0	-220.0	-380.0	-550.0	-730.0	-920.0	-1,120.0	-1,350.0	-1,590.0	-1,860.0	-670.0	-8,790.0
<i>Underlying cash balance</i>	-	-50.0	-190.0	-340.0	-510.0	-690.0	-870.0	-1,070.0	-1,290.0	-1,530.0	-1,800.0	-580.0	-8,340.0

- (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 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.
- Indicates nil.

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