



Changes to JobSeeker and Youth Allowance eligibility	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would:</p> <ul style="list-style-type: none">• lower the eligibility age for the JobSeeker payment¹ to 18 and• abolish the Youth Allowance² parental income test for those not living at home (those living at home would still be subject to it). <p>The policy would commence on 1 July 2025 and be ongoing.</p>	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$9.8 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact primarily reflects an increase in administered expenses for JobSeeker and Youth Allowance payments, as well as a small increase in departmental expenses. These would be partially 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 the proposal are highly uncertain and are particularly sensitive to the assumptions:

- regarding the number of recipients who would become eligible for Youth Allowance due to the abolition of the parental income test
- regarding the number of Youth Allowance (Other) recipients who would transfer to the JobSeeker payment as the eligibility age for the JobSeeker payment decreases, and
- that recipients would not change their employment, study or living arrangements as a result of the proposal.

¹ JobSeeker is the main working age income support payment for people aged between 22 and Age Pension age who have capacity to work.

² Youth Allowance is an income support payment for full-time students and apprentices aged 16 to 24 (Youth Allowance (Student)), and job seekers aged 16 to 21 (Youth Allowance (Other)). Recipients aged 21 or younger are considered dependent unless they meet at least one independence criterion. Dependent recipients of both Youth Allowance payments are subject to a parental income test.

Table 1: Changes to JobSeeker and Youth Allowance eligibility – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-2,189.2	-2,367.7	-2,517.3	-2,732.1	-9,806.3
Underlying cash balance	-2,189.2	-2,367.7	-2,517.3	-2,732.1	-9,806.3

(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.

Lower the eligibility age for the JobSeeker payment to 18

- Under the proposal, all Youth Allowance (Other) recipients aged 18 to 21 would automatically transfer to the JobSeeker payment.
 - These recipients would receive the average JobSeeker payment.
- All unemployed individuals aged 18 to 21 who were previously ineligible for the Youth Allowance (Other) payment due to parental income being higher than the threshold, would become eligible and apply for the JobSeeker payment under the proposal.
 - These recipients would receive the average JobSeeker payment under the proposal.
- JobSeeker recipients would pay an average personal income tax rate of approximately 2%, which was estimated based on the information provided by the Department of Social Services (DSS).
- Recipients would not change their paid employment behaviour in response to the proposal.

Abolish the Youth Allowance parental income test for those not living at home

- Removing the parental income test would result in approximately 68,000 newly eligible Youth Allowance recipients in 2025-26, based on analysis of the 2021 Census of Population and Housing.
 - Everybody who is eligible for Youth Allowance under the proposal would apply for the payment.
 - The number of newly eligible Youth Allowance recipients would grow in line with the population of 16-to-21-year-olds projected by the Treasury.
 - Newly eligible Youth Allowance recipients would receive the current average rate of Youth Allowance.
- Recipients would not change their paid employment, study behaviour or living arrangements in response to the proposal.

Methodology

Departmental costs were calculated by multiplying the additional number of recipients under the proposal by the estimated cost of administering payments per recipient.

Administered expenses were estimated as follows:

Lower the eligibility age for the JobSeeker payment to 18

Administered expenses for current Youth Allowance (Other) recipients who would transfer to the JobSeeker payment under the proposal were estimated by multiplying the number of affected Youth Allowance (Other) recipients by the average change in payment per recipient.

- These were estimated based on the income support payment data from DSS and the unemployment data from the Australian Bureau of Statistics.

Administered expenses for newly eligible JobSeeker recipients were estimated by multiplying the number of affected recipients by the average payment as per the *Key Assumptions*.

Personal income tax revenue was estimated by multiplying the administered expenses by the estimated average tax rate as per the *Key Assumptions*.

Abolish the Youth Allowance parental income test for those not living at home

Administered expenses and the personal income tax revenue were estimated for current Youth Allowance recipients using the Policy and Evaluation Model (PoEM).

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

The administered expenses associated with new recipients under the proposal were estimated by multiplying the number of newly eligible recipients by the average annual payment per recipient.

- Newly eligible Youth Allowance (Student) recipients were estimated using the number of full-time tertiary students aged between 16 and 22 years living out of home as at the 2021 Census of Population and Housing, minus the number of current Youth Allowance (Student) recipients living out of home.
- Newly eligible Youth Allowance (Other) recipients, aged 16 and 17 years, were estimated using the number of unemployed of the same age, who are looking for full time work and living away from home as at the 2021 Census of Population and Housing, minus the sub-cohort who are already on the Youth Allowance (Other) payment.

The personal income tax revenue from newly eligible recipients was estimated by multiplying the administered expenses for newly eligible recipients by the average tax rate paid by current recipients.

Note that the impact on Youth Allowance shown in Table A1 reflects the net impact of those moving off Youth Allowance to JobSeeker due to the eligibility age change which would be generally offset by those now eligible for Youth Allowance due to the change to the parental income test. The net impact of these 2 effects varies over the decade between slightly positive and slightly negative.

Financial implications were rounded consistent with the PBO's rounding rules.³

Data sources

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

The Department of Social Services provided PoEM as at the 2024-25 Budget

Services Australia provided unit administration costs as at 2025 PEFO.

³ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Australian Bureau of Statistics (2025), *Labour Force: Age Groups*, [.Stat Data Explorer](#), accessed 10 May 2025.

Australian Bureau of Statistics (2021) *Labour Force Status and Age by Relationship in Household*, [Census Tablebuilder](#), accessed 10 May 2025.

Australian Bureau of Statistics (2021) *Relationship in Household by Educational Institution: Attendee Status and Main Type of Personal Government Pension Paid*, [Census Tablebuilder](#), accessed 10 May 2025.

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

Attachment A – Changes to JobSeeker and Youth Allowance eligibility – Financial implications

Table A1: Changes to JobSeeker and Youth Allowance eligibility – 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>	35.7	40.2	46.8	52.5	57.1	62.9	66.6	71.7	76.3	81.4	82.8	175.2	674.0
Total – revenue	35.7	40.2	46.8	52.5	57.1	62.9	66.6	71.7	76.3	81.4	82.8	175.2	674.0
Expenses													
Administered													
<i>JobSeeker</i>	-2,280.0	-2,390.0	-2,490.0	-2,700.0	-2,780.0	-2,860.0	-2,930.0	-3,010.0	-3,100.0	-3,170.0	-3,240.0	-9,860.0	-30,950.0
<i>Youth Allowance</i>	70.6	5.1	-41.3	-48.9	-36.2	-22.2	-9.9	2.1	17.0	33.3	45.9	-14.5	15.5
Total – administered	-2,209.4	-2,384.9	-2,531.3	-2,748.9	-2,816.2	-2,882.2	-2,939.9	-3,007.9	-3,083.0	-3,136.7	-3,194.1	-9,874.5	-30,934.5
Departmental													
<i>Services Australia</i>	-15.5	-23.0	-32.8	-35.7	-34.5	-33.3	-31.9	-31.0	-30.4	-28.9	-27.8	-107.0	-324.8
Total – departmental	-15.5	-23.0	-32.8	-35.7	-34.5	-33.3	-31.9	-31.0	-30.4	-28.9	-27.8	-107.0	-324.8
Total – expenses	-2,224.9	-2,407.9	-2,564.1	-2,784.6	-2,850.7	-2,915.5	-2,971.8	-3,038.9	-3,113.4	-3,165.6	-3,221.9	-9,981.5	-31,259.3
Total (excluding PDI)	-2,189.2	-2,367.7	-2,517.3	-2,732.1	-2,793.6	-2,852.6	-2,905.2	-2,967.2	-3,037.1	-3,084.2	-3,139.1	-9,806.3	-30,585.3

(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: Changes to JobSeeker and Youth Allowance eligibility – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	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>	-50.0	-150.0	-270.0	-390.0	-530.0	-680.0	-840.0	-1,010.0	-1,200.0	-1,390.0	-1,600.0	-860.0	-8,110.0
<i>Underlying cash balance</i>	-40.0	-130.0	-240.0	-360.0	-500.0	-650.0	-800.0	-970.0	-1,150.0	-1,340.0	-1,550.0	-770.0	-7,730.0

- (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 glossary⁴.
- (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.

⁴ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)