



Social services - Abolish mutual obligations	
Party:	Australian Greens
Summary of proposal:  The proposal would abolish mutual obligations, ending the current Workforce Australia regime.  The policy would commence on 1 July 2025.	
Additional information (based on further advice provided):  This proposal would include abolishing the Targeted Compliance Framework and Work for the Dole.	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$359.7 million over the 2025-26 Budget forward estimates period (see Table 1). This impact mainly reflects an increase in administered expenses.

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 impact of this proposal is highly uncertain and sensitive to the role of mutual obligations in encouraging take up of work opportunities. Most studies find these plays an important role in encouraging work engagement (and as such the need for income support payments), while others raise questions about the role of mutual obligations. The effectiveness of mutual obligations is also heavily reliant on policy design and execution. This costing has not attempted to quantify the behavioural response from those who, in the absence of the mutual obligations, would leave the social security system and re-engagement with employment. The costing reflects the impact from those who are currently exited due to failing to meet mutual obligation requirements.

The estimates are also sensitive to assumptions around the proportion of cancellations which are not those leaving for employment and their duration off payment. The distribution of financial penalty types, labour force projections, indexation growth factors, and growth in the number of eligible income support recipients over the period to 2035-36 are also significant assumptions.

**Table 1: Social services - Abolish mutual obligations – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-90.9	-89.9	-91.0	-87.9	-359.7
Underlying cash balance	-90.9	-89.9	-91.0	-87.9	-359.7

(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.

- Wind-down departmental costs would equal 25% of the forecast administered expenditure in 2025-26 of the Work for the Dole program.
- Abolishing the mutual obligations requirement and the Work for the Dole program would not have ongoing departmental funding implications for the Department of Employment and Workplace Relations (DEWR), as its contract management workload across the New Employment Services Model would be expected to remain largely unchanged.
- Payment suspensions would have no overall impact on payments.
- 80% of cancellations reflect 'natural exits' from the system – i.e. the individuals have stopped engaging due to changes in their qualifying circumstances (such as becoming employed). The remaining 20% of individuals whose payments were cancelled would rejoin within 13 weeks to benefit from abridged reclaim procedures.
  - This was informed by information provided by DEWR.
- The proportion of financial penalties applied relative to recipient numbers and the distribution of penalty types would be in line with the levels over the 3 most recent financial years (2021-22 to 2023-24).

## Methodology

Financial implications relating to the abolition of work for the dole were calculated using the work for the dole estimates model provided by DEWR.

The number of payment cancellations was calculated as a proportion of annual recipients in line with historical trends. The financial impact was calculated as the number of recipients expected to rejoin the system following a cancellation, multiplied by the assumed cancellation duration (17 weeks) and the average payment rate.

The number of financial penalties was calculated as a proportion of annual recipients in line with historical trends. Penalty types range from a 50% reduction in the fortnightly payment to 4 weeks preclusion. The distribution of penalty types was held constant in line with the 2023 data. The financial impact was calculated as the number of suspensions multiplied by the length of suspension in accordance with the penalty type and the average payment rate.

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

## Data sources

DEWR provided information pertaining to payment suspensions, financial penalties and Work for the Dole as at the 2025 PEFO.

The Department of Social Services provided information pertaining to payments, recipients and rates as at the 2025 PEFO.

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

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

Department of Employment and Workplace relations (January 2023 to June 2024), [TCF Public Data Report](#), DEWR, accessed 11 May 2025.

## Attachment A – Social services - Abolish mutual obligations – Financial implications

**Table A1: Social services - Abolish mutual obligations – Fiscal and underlying cash balances (\$m)<sup>(a)</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>Expenses</b>													
<b>Administered</b>													
<i>Work for the Dole</i>	15.4	15.7	15.7	16.7	16.6	16.5	17.6	17.6	17.6	17.6	17.6	63.5	184.6
<i>Financial penalties</i>	-5.4	-5.6	-5.7	-5.6	-5.7	-6.0	-6.2	-6.4	-6.7	-7.0	-7.2	-22.3	-67.5
<i>Payment cancellations</i>	-97.0	-100.0	-101.0	-99.0	-103.0	-107.0	-111.0	-115.0	-120.0	-125.0	-129.0	-397.0	-1,207.0
<b>Total – administered</b>	<b>-87.0</b>	<b>-89.9</b>	<b>-91.0</b>	<b>-87.9</b>	<b>-92.1</b>	<b>-96.5</b>	<b>-99.6</b>	<b>-103.8</b>	<b>-109.1</b>	<b>-114.4</b>	<b>-118.6</b>	<b>-355.8</b>	<b>-1,089.9</b>
<b>Departmental</b>													
<i>Department of Employment and Workplace Relations</i>	-3.9	-	-	-	-	-	-	-	-	-	-	-3.9	-3.9
<b>Total – departmental</b>	<b>-3.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.9</b>	<b>-3.9</b>
<b>Total – expenses</b>	<b>-90.9</b>	<b>-89.9</b>	<b>-91.0</b>	<b>-87.9</b>	<b>-92.1</b>	<b>-96.5</b>	<b>-99.6</b>	<b>-103.8</b>	<b>-109.1</b>	<b>-114.4</b>	<b>-118.6</b>	<b>-359.7</b>	<b>-1,093.8</b>
<b>Total (excluding PDI)</b>	<b>-90.9</b>	<b>-89.9</b>	<b>-91.0</b>	<b>-87.9</b>	<b>-92.1</b>	<b>-96.5</b>	<b>-99.6</b>	<b>-103.8</b>	<b>-109.1</b>	<b>-114.4</b>	<b>-118.6</b>	<b>-359.7</b>	<b>-1,093.8</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.

- Indicates nil.

**Table A2: Social services - Abolish mutual obligations – Memorandum item: Public Debt Interest (PDI) impacts – 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><i>Fiscal balance</i></b>	-2.0	-6.1	-10.4	-14.8	-19.5	-24.5	-30.0	-36.0	-42.4	-49.4	-57.0	<b>-33.3</b>	<b>-292.1</b>
<b><i>Underlying cash balance</i></b>	-1.5	-5.1	-9.3	-13.7	-18.3	-23.3	-28.7	-34.5	-40.8	-47.7	-55.1	<b>-29.6</b>	<b>-278.0</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.

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