

BACKGROUND

Document 1 Page 4 out of 8

Financial impact of penalties

The impact of all financial penalties on CDP regions (less than 1%) was modelled using December 2015 quarter compliance data on the number of penalty events and an indicative estimate of total income support (including family payments) paid to CDP regions each quarter (\$400m). The \$400m was estimated as a proportion of total government expenditure on special appropriations in 2015-16.

Assumptions: The amount deducted from the total estimated income support in CDP regions by financial penalty events was calculated using the average basic fortnightly income support entitlement for CDP job seekers with participation requirements (for the June 2015 quarter).

For No Show No Pay penalties each penalty 'event' in the compliance data represents a single day of non-attendance at the activity without a Reasonable Excuse, where a Participation Report was applied by DHS. The resulting loss of 1/10th of an individual's fortnightly entitlement has been applied for each event.