



Abolish the Cashless Debit Card	
Party:	Australian Labor Party
Summary of proposal: The proposal would abolish the Cashless Debit Card and mandatory Income Management from 1 July 2022.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$287 million over the 2022-23 Budget forward estimates period.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

The financial implications of this proposal are sensitive to indexation growth factors and growth in the number of eligible income support recipients over the period to 2032-33. They are also sensitive to flow-on impacts on social security payments as a result of this proposal.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	85.8	69.1	65.0	66.6	286.5
Underlying cash balance	85.8	69.1	65.0	66.6	286.5

(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 the proposal.

- The proportion of people voluntarily accessing income management would follow historical trends.
- Costs for the Cashless Debit Card and Income Management would grow over the medium term according to the relevant indexation factors.

Methodology

As the budget baseline financial implications of the Cashless Debit Card and Income Management programs is not-for-publication, the PBO has formed its own estimate of the savings expected from this program based on publicly available information, supported by historical information from the Department of Social Services and Services Australia. These figures are PBO estimates and may not match the amounts reflected in the budget baseline.

- Given the extensive interaction between the Cashless Debit Card and Income Management programs, the financial implications for these programs have been combined.

The termination costs for this program were calculated based on terminating costs of similar programs.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Finance and the Treasury provided indexation parameters as at the *Pre-election Economic and Fiscal Outlook 2022*.

Department of Social Services, 2022. [Australian Government Income Management Program](#), accessed 5 June 2022.

Department of Social Services, 2022. [Australian Government Cashless Debit Card Program](#), accessed 5 June 2022.

Senate Community Affairs Legislation Committee, 2021. Hansard, [2021-22 Supplementary Budget Estimates, Social Services Portfolio](#), accessed 5 June 2022.

Department of Social Services, 2021. [Documents relating to the Cashless Debit Card](#), accessed 5 June 2022.

Australian Associated Press, 2021. [Cashless welfare card cost is way off the money](#), accessed 5 June 2022.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Abolish the Cashless Debit Card – financial implications

Table A1: Abolish the Cashless Debit Card – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Administered													
<i>Abolish the Cashless Debit Card and mandatory Income Management</i>	39.7	38.6	39.4	40.4	41.4	42.4	43.4	44.5	45.6	46.8	47.9	158.1	470.1
Total – administered	39.7	38.6	39.4	40.4	41.4	42.4	43.4	44.5	45.6	46.8	47.9	158.1	470.1
Departmental													
<i>Abolish the Cashless Debit Card and mandatory Income Management</i>	46.1	30.5	25.6	26.2	26.4	26.5	26.7	26.9	27.1	27.3	27.5	128.4	316.8
Total – departmental	46.1	30.5	25.6	26.2	26.4	26.5	26.7	26.9	27.1	27.3	27.5	128.4	316.8
Total (excluding PDI)	85.8	69.1	65.0	66.6	67.8	68.9	70.1	71.4	72.7	74.1	75.4	286.5	786.9

(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: Abolish the Cashless Debit Card – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	1.0	2.8	4.3	5.9	7.7	9.6	11.8	14.3	17.0	20.0	24.0	14.0	118.4
<i>Underlying cash balance</i>	0.9	2.5	4.1	5.7	7.5	9.4	11.5	14.0	16.7	19.7	23.5	13.2	115.5

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table 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.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)