



Social services – Abolish Compulsory Income Management – Abolish SmartCard, BasicsCard and related measures

Party: Australian Greens

Summary of proposal:

The proposal would end compulsory income management (IM) by abolishing programs like the SmartCard, BasicsCard and all related measures. Only voluntary IM options would be available.

The proposal would be ongoing and start on 1 July 2025.

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$117.8 million over the 2025-26 Budget forward estimates period (see Table 1). The increase in both the fiscal and underlying cash balances from 2026-27 onwards is due to the removal of ongoing program costs (the decrease in the fiscal and underlying cash balances in 2025-26 is due to the costs associated with removing compulsory IM).

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 sensitive to the take-up rate for voluntary IM, indexation growth, and growth in the number of eligible income support recipients over the period to 2035-36.

Table 1: Social services – Abolish Compulsory Income Management – Abolish SmartCard, BasicsCard and related measures – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-50.6	52.9	56.1	59.4	117.8
Underlying cash balance	-50.6	52.9	56.1	59.4	117.8

(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.

- Voluntary IM would only be available under enhanced IM (eIM) and all IM participants currently utilising other IM products who elect to remain on IM would be required to transfer to eIM.
- The removal of compulsory IM would be undertaken in a similar manner to the removal of the Cashless Debit Card (CDC).
 - Compulsory IM participants would be eligible to opt-in from 1 July 2025.

- The Department of Social Services and Services Australia would run a 6-month campaign from 1 July 2025 to advise of the changes to IM and to assist IM participants in transitioning.
- The contract for the administration of the technical component of IM would continue to be administered by an external service provider. However, the contract would be renegotiated to reflect the significant decrease in participants.
- All community service programs funded under IM would continue under the voluntary eIM.
- Additional funding – including grant funding – provided as part of the removal of the CDC in IM regions would continue. However, no additional funding would be provided to support the transition from IM.
- The baseline number of compulsory and voluntary participants would grow in line with national population growth over the costing period.
- The average cost per participant would be similar to historical CDC costs, grown by the following assumptions:
 - Departmental costs per IM participant would grow 5% per year on average, based on the growth rate of IM costs from 2017-18 to 2020-21.
 - Administrative costs per IM participant for the external service provider would decline on average by 1.2% per year, based on the growth rate of IM costs from 2017-18 to 2020-21.
- Savings would be partially offset by the increase in unit costs from the voluntary participant population.

Methodology

Services Australia and the Department of Social Services provided historical costs associated with IM programs.

- The baseline number of participants was multiplied by the estimated existing cost per participant based on the historical data provided by Services Australia and the Department of Social Services.
- The projected number of ongoing voluntary participants was multiplied by the estimated increased cost per participant as per *Key assumptions*.
- Termination costs for compulsory IM were calculated based on costs provided by Services Australia for the abolition of the CDC and include community engagement, contract renegotiation and ICT transition. Costs were then proportionally increased to account for the larger IM population.

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

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

Data sources

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

Services Australia provided data regarding income management.

The Department of Social Services provided data regarding the Cashless Debit Card.

Attachment A – Social services – Abolish Compulsory Income Management – Abolish SmartCard, BasicsCard and related measures – Financial implications

Table A1: Social services – Abolish Compulsory Income Management – Abolish SmartCard, BasicsCard and related measures – 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
Expenses													
<i>Administered</i>													
<i>External service provider</i>	-18.9	11.6	13.5	13.5	13.5	13.4	13.4	13.4	13.4	13.4	13.4	19.7	113.6
<i>Departmental</i>													
<i>Departmental costs</i>	-31.7	41.3	42.6	45.9	49.3	53.0	56.8	60.8	65.0	69.4	74.0	98.1	526.4
Total (excluding PDI)	-50.6	52.9	56.1	59.4	62.8	66.4	70.2	74.2	78.4	82.8	87.4	117.8	640.0

(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: Social services – Abolish Compulsory Income Management – Abolish SmartCard, BasicsCard and related measures – 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
Fiscal balance	-1.1	-1.1	1.2	3.9	6.7	9.9	13.4	17.3	21.5	26.1	31.2	2.9	129.0
Underlying cash balance	-0.8	-1.1	0.7	3.2	6.0	9.1	12.5	16.3	20.5	25.0	29.9	2.0	121.3

- (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.

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