

Attachment B

Costing documentation for ALP election commitments

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Australian Government
Department of Finance and Deregulation

MEDIA RELEASE

29 August 2013

Our Ref: ALP007

RELEASE OF COSTING OF ELECTION COMMITMENT

The Secretary to the Department of Finance and Deregulation today released the following election commitment costing under the *Charter of Budget Honesty Act 1998*:

Defence Families to Receive More Health Assistance as announced by the Government.

This costing was completed consistent with the *Charter of Budget Honesty: Policy Costing Guidelines - 2012* which are available on www.electioncostings.gov.au. A copy of the completed costing is attached.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Kayelle Drinkwater
Telephone: 02 6215 3929



Australian Government
Department of Finance and Deregulation
The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: DEFENCE FAMILIES TO RECEIVE MORE HEALTH ASSISTANCE	
Costing Identifier:	ALP007_FINANCE
Summary of costing:	From 1 January 2014, dependants of permanent ADF members will be eligible to receive full reimbursement for their medical out of pocket expenses when visiting a general practice and up to \$400 annually per dependant towards allied health and specialist services.
Person making the request:	Prime Minister
Date costing request received:	22 August 2013
Date of public release of policy:	16 August 2013
Date costing completed:	29 August 2013
Additional information requested:	Not applicable
Additional information received:	Not applicable

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	0.0	0.0	0.0	0.0
Fiscal Balance (\$m)	0.0	0.0	0.0	0.0

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

As the expenses are to be met from within Defence's existing resources, there will be no financial implications for the underlying cash and fiscal balances. An allocation for Fringe Benefits Tax (FBT) has already been made by Defence in its budget. A breakdown of the expense components of the costing is included at Attachment A.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

This proposal represents existing policy. A procurement process has already been completed for the administration of the program, with a contract of up to \$103.6 million awarded to the successful tenderer. The outcome of this process was announced by the Government on 16 August 2013 with the media release noting that funding for the project has already been provided for in the Budget. Defence has also commenced implementation of the program, providing information on its website and seeking pre-registration prior to the program's commencement date on 1 January 2014.

Where relevant, explain effects of departmental expenses.

Defence has already allocated funding for this proposal within its budget. Any increase in costs would also be absorbed within Defence's budget on the basis that the costing request specifies that the funding for this proposal will be met from within existing resources.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Background information

Costing methodology used:

• **Costing techniques.**

This costing request applies the relevant percentages for married members and those in long-term partnerships from the 2011 Defence Census to the number of permanent ADF members and Reserve members on continuous full-time service.

The definition of dependants from the Member's Guide to ADF Pay and Conditions in Australia and the data from the 2011 Defence Census have then been applied to the above members, resulting in an estimate of 71,350 eligible dependants of permanent ADF members and Reserve members on continuous full-time service.

This figure takes account of ADF members who are married to other ADF members, removing the double count of dependants.

• **Policy parameters.**

Costs of the scheme have been indexed using the Consumer Price Index, as per the 2013 Pre-Election and Fiscal Outlook (PEFO) update.

• **Statistical data used.**

2011 Defence Census

Australian Bureau of Statistics 1270.0.55.005 – Australian Statistical

Geography Standard: Volume 5 – Remoteness Structure, July 2011

Portfolio Budget Statements 2013-14 – Defence Portfolio

Media Release – The Hon Tanya Plibersek MP – Minister for Health and Minister for Medical Research – *Another 50,000 Australians Take Out Private Health Cover* – dated 16 May 2012.

Medicare Benefits Schedule Book – 1 July 2013.

• **Behavioural assumptions used (as appropriate).**

The following assumptions have been made in this costing:

A total of 59,000 ADF members has been used as the basis for calculating members eligible for this proposal across the forward estimates period on the basis that the Defence White Paper 2013 stated a workforce of approximately 59,000 would be maintained over the next decade.

Estimating the take-up rate for this program is quite difficult as there are a number of differences between the trial arrangements and the arrangements outlined in this proposal. One factor is that the trial was limited to Defence families living in remote and regional locations while this proposal is being implemented Australia-wide.

It has been assumed that the take-up rate for the trial, of 68.7 per cent, would also be applicable to other remote regions of Australia. As 11 per cent of the Australian population live in remote areas, the take-up rate of 68.7 per cent has been applied to 11 per cent of the total number of dependants.

On the basis that the take-up rate in remote areas is likely to be affected by factors such as logistical and other difficulties accessing relevant services, it has been assumed that the take-up rate in non-remote areas would be around 90 per cent. For such areas, the 90 per cent take-up rate has been applied to the 89 per cent of members not living in remote areas.

Special needs dependants have been assumed to account for 9 per cent of total dependants, consistent with the 2011 Defence Census.

As announced, this program is to commence on 1 January 2014 so the financial impact in the 2013-14 financial year is six months only.

It has been assumed that eligible dependants will have an average of six visits to a General Practitioner per year. For those without special needs, the model assumes that five of those consultations will be MBS item 23-GP Consultations level B (this is consistent with the average number of consultations in Australia according to the Department of Health and Ageing) and one will be MBS item 44-GP Consultation level D (this assumes best practice of every dependant having one health check annually). For the special needs cohort, it is assumed that the consultation types will be reversed ie one MBS item 23-GP Consultations level B and five MBS item 44-GP Consultation level D to reflect the greater need for medical care.

The average out of pocket expenses for MBS item 23-GP Consultations level B has been estimated at \$42.18 and the average MBS item 44-GP Consultations level D cost has been estimated at \$53.46, using the average cost per visit and the Medicare Refund amounts from the Medicare Benefits Schedule Book – 1 July 2013.

ATTACHMENT A: COMPONENTS OF COSTING

Table 1: Breakdown of financial impacts (\$m):

Department of Defence

Departmental expenses – financial impact (outturn prices)

Component	2013-14	2014-15	2015-16	2016-17
Administration	-2.9	-2.9	-3.0	-3.0
Reimbursement of medical costs	-20.9	-42.8	-43.9	-45.0
Provision for Fringe Benefits Tax (a)	-13.7	-28.1	-28.8	-29.5

(a) These amounts reflect the provision that Defence has included in its budget estimates. The FBT payable in relation to this proposal has not been re-estimated on the basis of this costing.

Australian Taxation Office

Administered revenue – financial impact (outturn prices)

Component	2013-14	2014-15	2015-16	2016-17
Fringe benefits tax (b)	13.7	28.1	28.8	29.5

(b) These estimates are based on the provisions for FBT that Defence has included in its budget estimates. The FBT payable in relation to this proposal has not been re-estimated on the basis of this costing.



Australian Government
Department of Finance and Deregulation

MEDIA RELEASE

3 September 2013

Our Ref: ALP014_Finance

RELEASE OF COSTING OF ELECTION COMMITMENT

The Secretary to the Department of Finance and Deregulation today released the following election commitment costing under the *Charter of Budget Honesty Act 1998*:

New Rule for Vaccine Refusers in a Boost for Childhood Immunisation as announced by the Government.

This costing was completed consistent with the *Charter of Budget Honesty: Policy Costing Guidelines - 2012* which are available on www.electioncostings.gov.au. A copy of the completed costing is attached.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Kayelle Drinkwater
Telephone: 02 6215 3929



Australian Government
Department of Finance and Deregulation
The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: New Rule for vaccine refusers in a boost for childhood immunisation	
Costing Identifier:	ALP014_Finance
Summary of costing:	All children will have to be fully immunised in order to receive the Family Tax Benefit Part A (FTB-A) end-of-year supplement. Parents who register as 'conscientious objectors' will no longer be eligible to receive this payment. Exemptions will apply on medical and religious grounds only.
Person making the request:	Prime Minister
Date costing request received:	27 August 2013
Date of public release of policy:	18 August 2013
Date costing completed:	3 September 2013
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	0.0	0.0	6.2	6.0
Fiscal Balance (\$m)	0.0	6.2	6.0	5.9

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

This proposal has been costed as a defined amount with a positive impact of \$18.1 million on the fiscal balance (\$12.2 million on the underlying cash balance) over the forward estimates based on the policy parameters of this request.

<p>Where relevant, include separate identification of revenue and expense components.</p> <p>Not applicable.</p>
<p>Where appropriate, include a range for the costing or sensitivity analysis.</p> <p>Not applicable.</p>
<p>Qualifications to the costing (including reasons for the costing not being comprehensive).</p> <p>Not applicable.</p>
<p>Where relevant, explain effects of departmental expenses.</p> <p>All departmental costs, including implementation and service delivery costs for the Department of Human Services, are to be absorbed as specified in the costing request.</p>

<p>Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.</p> <p>Not applicable.</p>
<p>Other comments <i>(including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).</i></p> <p>FTB-A supplement is paid after reconciliation of household income at the end of the financial year. The difference between fiscal balance and underlying cash is a result of the delay between the expense incurred in the entitlement year and the cash payment of the supplement in the next financial year following reconciliation.</p>

<p>Background information</p> <p>Costing methodology used:</p> <p>Costing techniques.</p> <ul style="list-style-type: none"> • FTB-A supplement is fixed at \$726.35 per child until 2016-17. The supplement rate is subject to indexation at Consumer Price Index from 1 July 2017. • The number of children of 'conscientious objectors' is estimated to be 8,576 in 2014-15 based on data from the Australian Childhood Immunisation Register. This group is assumed to be decreasing by an average 2.9 per cent each year in line with FTB-A trends for children below school age. • There are no flow-on costs for the Department of Health and Ageing.
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Policy parameters.

- The current eligibility requirement to immunise a child at one, two and five years remains the same.
- The current exemptions for medical and religious reasons remain unchanged.

Behavioural assumptions used (as appropriate).

- Number of children not immunised due to conscientious objections is assumed to remain unchanged as a result of this policy change.



Australian Government
The Treasury



RELEASE OF COSTING OF ELECTION COMMITMENTS

Treasury today released the following election commitment costing under the *Charter of Budget Honesty Act 1998*:

Cutting Business Red Tape – Reducing the Burden of GST, announced by the Government.

This costing was completed consistent with the *Charter of Budget Honesty: Costing Election Commitments 2012* guidelines. These guidelines and a copy of the completed costing are available on the www.electioncostings.gov.au website.

A handwritten signature in black ink, appearing to read 'Martin Parkinson'.

Martin Parkinson
Secretary to the Treasury

Contact: Marty Robinson
Telephone: (02) 6263 2740

3 September, 2013



Australian Government
 Department of Finance and Deregulation
 The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: Cutting Business Red Tape - Reducing the Burden of GST	
Costing Identifier:	ALP015_Treasury
Summary of costing:	<p>Currently, businesses with an annual GST turnover of less than \$2m, rather than paying their actual quarterly GST liability, may opt to pay a quarterly instalment amount based on their estimated annual GST liability, and then reconcile their actual GST annually.</p> <p>Businesses with a turnover of less than \$20m, but more than \$2m, do not have access to this payment arrangement. Instead they are generally required to report and pay their actual GST quarterly. Businesses with a turnover of \$20m or more must report and pay their actual GST monthly.</p> <p>Under this proposal, from 1 July 2014, businesses with a GST turnover under \$20 million will be allowed to access the GST quarterly instalment system.</p>
Person making the request:	Prime Minister
Date costing request received:	27 August 2013
Date of public release of policy:	23 August 2013
Date costing completed:	3 September 2013
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	0	0	0	0
Fiscal Balance (\$m)	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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

(b) * unquantifiable but small impact.



For more information see www.electioncostings.gov.au/copyright-notice-2

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

Impact on	Component	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	Receipts	0	*	*	*
	Payments	0	*	*	*
Fiscal Balance (\$m)	Revenue	0	0	0	0
	Expense	0	*	*	*

It is not expected that the overall level of GST receipts or payments will change as a consequence of this measure. However, the proposal is expected to have a small but unquantifiable impact on the timing of GST receipts, relative to current arrangements. This change in timing will also affect payments of GST to the States and Territories.

Where appropriate, include a range for the costing or sensitivity analysis.

The unquantifiable impact is estimated to be small (less than \$10 million each year) over the forward estimates period. The impact could be positive or negative in any particular year depending on whether the uplifted amount is greater than or less than the actual liability, although on balance it is likely to be negative over the forward estimates.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

The costing request specifies that implementation costs are expected to be small and will be shared between the States as is the current practice.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

The GST revenue impact is nil as there is no overall change to the amount of GST collected, only changes to the timing of collection.



For more information see www.electioncostings.gov.au/copyright-notice-2

There is small but unquantifiable impact on expenses due to changes in the timing of collections, which affects the timing of payments to the states and territories. The impact of the proposal on the underlying cash balance is nil due to the offsetting Budget impacts on both receipts and payments.

Background information

Costing methodology used:

The costing compares the effect of differences in the timing and value of GST payments under current arrangements and the quarterly instalments made under the proposal.

Sensitivity analysis was undertaken using different take-up rates. However, a final estimate is not able to be produced because the expected level of take up is not able to be readily discerned. The sensitivity analysis indicates that the impact is likely to be small for reasonable take-up rates over the forward estimates period.

Data used:

- Net GST of taxpayers with turnover between \$2 million and \$20 million.
- Number of taxpayers currently eligible to enter the GST instalment system and the number currently in the instalment system.

Assumptions used:

It is assumed that the existing rules for eligibility to enter the GST instalment system and calculation of the instalment rates that currently apply to small businesses with GST turnover of less than \$2 million will also apply for businesses with GST turnover of up to \$20 million per annum.

In addition the following assumptions have been made.

- Timing: 75% within year, 25% outside year.
- GST adjustment factor under the quarterly instalments system for 2012-13 and future income years: 6%



For more information see www.electioncostings.gov.au/copyright-notice-2



Australian Government
Department of Finance and Deregulation

MEDIA RELEASE

5 September 2013

Our Ref: ALP022_Finance

RELEASE OF COSTING OF ELECTION COMMITMENT

The Secretary to the Department of Finance and Deregulation today released the following election commitment costing under the *Charter of Budget Honesty Act 1998*:

Boost for Melbourne's inner city children as announced by the Government.

This costing was completed consistent with the *Charter of Budget Honesty: Policy Costing Guidelines - 2012* which are available on www.electioncostings.gov.au. A copy of the completed costing is attached.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Kayelle Drinkwater
Telephone: 02 6215 3929



Australian Government
Department of Finance and Deregulation
The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: Boost for Melbourne's Inner City Children	
Costing Identifier:	ALP022_FINANCE
Summary of costing:	<p>A commitment to continued funding has been announced to support five Adventure Playgrounds located in Fitzroy, Prahran, Kensington, St Kilda and South Melbourne.</p> <p>This commitment will continue the current level of funding with indexation until 2017-18, after the current contracts expire on 30 June 2014, and will provide an additional \$100,000 per year from 2013-14.</p> <p>Funding for the Adventure playgrounds will be delivered from existing uncommitted funds from within the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) portfolio budget.</p>
Person making the request:	Prime Minister
Date costing request received:	29 August 2013
Date of public release of policy:	23 August 2013 Minister for Families http://www.alp.org.au/cm18_230813
Date costing completed:	5 September 2013
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	0.0	0.0	0.0	0.0
Fiscal Balance (\$m)	0.0	0.0	0.0	0.0

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

This proposal has been costed as a defined amount as follows:

2013-14: \$100,000
2014-15: \$796,255
2015-16: \$809,484
2016-17: \$822,964
2017-18: \$836,700

This comprises continuation of current funding from 2014-15 with indexation plus an additional non-indexed \$100,000 per year from 2013-14 as in the costing request.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable

Where relevant, explain effects of departmental expenses.

Departmental costs are to be absorbed, as specified in the costing request.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Background information**Costing methodology used:****Costing techniques.**

- The costing request specifies that funding will be provided from the current FaHCSIA portfolio budget and would therefore have no impact on underlying cash or fiscal balance over the forward estimates. This assumes that there is sufficient uncommitted funding within FaHCSIA program '3.2 Community Investment', to be used for this proposal.
- Indexation consistent with the standard Community Investment Program indexation has been applied to the current levels of funding across the forward estimates with the addition of \$100,000 in each year as in the costing request.

Behavioural assumptions used (as appropriate).

Not applicable.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Medical Research Innovation Fund (ALP 023)
Summary of proposal:	<p>The proposal is to provide a capped amount of \$125 million in equity over 15 years to establish a Medical Research Innovation Fund (MRIF).</p> <p>Equity injections in the fund would begin in 2014-15 with the following profile across the forward estimates:</p> <ul style="list-style-type: none"> • 2014-15: \$6.0 million • 2015-16: \$8.0 million, and • 2016-17: \$10.0 million. <p>The Government’s capital investment would be offset by deferring \$24.0 million in equity under the <i>Building Australia Fund Project for Oakajee Port</i>.</p>
Party	Australian Labor Party
Date of public release of policy:	4 September 2013
Agencies from which information was obtained:	A costing of this proposal was published under the Charter of Budget Honesty election costing arrangements by the former Department of Finance and Deregulation as ALP023_Finance.

Costing overview

The proposal involves the acquisition of financial assets, which has no impact on the underlying cash balance or fiscal balance. Accordingly, contributions to the fund of \$6 million in 2014-15, \$8 million in 2015-16 and \$10 million in 2016-17, would not impact on the underlying cash and fiscal balances.

The proposal also would not impact the headline cash balance over the 2013-14 Budget forward estimates period. Under the proposal, contributions to the fund totalling \$24 million over the Budget 2013-14 forward estimates period, would be offset by a delay in equity funding (\$24 million delayed from 2016-17 into 2017-18) for the *Building Australia Fund Project for Oakajee Port* project.

The proposal would have an ongoing impact on the headline cash balance outside the forward estimates period of \$101 million from 2017-18 to 2028-29. Together with the deferral of equity for the Oakajee Port project, this brings the total headline cash balance impact of this proposal to \$125 million over the period 2017-28 to 2028-29.

POLICY COSTING – POST ELECTION REPORT

In the future, if there were to be equity returns from the fund, the proposal would increase the underlying cash and fiscal balances. On the other hand, if the fund were to become a loss-making entity, the proposal would reduce the underlying cash and fiscal balances, reflecting the extent of the write-down in the Government's equity in the fund. It is not possible to quantify these impacts at this point in time.

Departmental expenses are expected to be minimal and have not been included in the costings.

Due to uncertainty around future equity returns from the fund, as well as uncertainty around the final arrangements establishing the MRIF, the costing is considered to be of medium reliability.

Table 1: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	-	-	-
Headline cash balance (\$m)	-	-6.0	-8.0	14.0
<i>Equity investment - MRIF</i>	-	-6.0	-8.0	-10.0
<i>Deferred equity investment - Oakajee</i>	-	-	-	24.0

(a) A negative number for the headline cash balance indicates a net increase in expenditure in headline cash terms and a positive number indicates a net decrease in expenditure in headline cash balance terms.

Key assumptions

As specified by the costing request the fund would total \$250.0 million, consisting of Government equity investments totalling \$125.0 million over 15 years from 2014-15, along with a matching equity investment of \$125.0 million from institutional investors.

In addition, the PBO has assumed that:

- the Government's contribution would be invested in a fund outside the General Government Sector and any related establishment costs and management fees would be met by the fund and would not impact on the Budget, and
- any departmental costs arising from this proposal are expected to be minimal and would be absorbed by the relevant agency.

Methodology

As per the costing request, the costing is based on a capped equity investment of \$6.0 million in 2014-15, \$8.0 million in 2015-16 and \$10.0 million in 2016-17, and would be offset over the 2013-14 Budget estimates period by deferring \$24 million in equity funding for the *Building Australia Fund Project for Oakajee Port* project from 2016-17 into 2017-18.



Australian Government
The Treasury



RELEASE OF COSTING OF ELECTION COMMITMENTS

Treasury today released the following election commitment costings under the *Charter of Budget Honesty Act 1998*, announced by the Government:

- **Small Business Investment Boost**
- **NSW Superannuation**

These costings were completed consistent with the *Charter of Budget Honesty: Costing Election Commitments 2012* guidelines. These guidelines and a copy of the completed costings are available on the www.electioncostings.gov.au website.

A handwritten signature in black ink, appearing to read 'M. Parkinson'.

Martin Parkinson
Secretary to the Treasury

Contact: Marty Robinson
Telephone: (02) 6263 2740

5 September, 2013



Australian Government
 Department of Finance and Deregulation
 The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: Small Business Investment Boost	
Costing Identifier:	ALP054_Treasury
Summary of costing:	<p>The Small Businesses Investment Boost will allow small businesses to claim an immediate tax deduction for eligible assets costing up to \$10,000 where they are purchased from 8 September 2013 to 30 June 2015 (and installed or start to be used by 30 June 2015).</p> <p>This is a temporary increase in the \$6,500 instant asset write-off currently available for small businesses. Beyond 30 June 2015 the existing immediate tax deduction for eligible assets costing less than \$6,500 will continue.</p> <p>The commitment would be offset from a redirection of uncommitted funding from the following programs:</p> <ul style="list-style-type: none"> • \$111.0 million from the <i>Education and Investment Fund (EIF)</i>; • \$68.9 million from the <i>Economic Competitiveness Fund</i>, announced in the 2013 Pre-Election Economic and Fiscal Outlook; and • \$20.1 million from the <i>Building Stronger Communities Fund</i>, also announced in the 2013 Pre-Election Economic and Fiscal Outlook.
Person making the request:	Prime Minister
Date costing request received:	2 September 2013
Date of public release of policy:	1 September 2013
Date costing completed:	5 September 2013
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable



For more information see www.electioncostings.gov.au/copyright-notice-2

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	45.2	-111.9	-58.6	125.3
Fiscal Balance (\$m)	45.2	-111.9	-58.6	125.3

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

Impact on	2013-14	2014-15	2015-16	2016-17	Total
Revenue – Small Business Investment Boost	0	-150.0	-150.0	100.0	-200.0
Expense – Education Investment Fund	11.4	33.1	66.5	0.0	111.0
Expense – Economic Competitiveness Fund – Reduction	28.5	0.5	19.7	20.2	68.9
Expense – Building Stronger Communities Fund – Reduction	5.3	4.5	5.3	5.1	20.1
Total	45.2	-111.9	-58.6	125.3	0.0

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

The reliability of the Small Business Investment Boost estimates is considered to be low as they are highly reliant on the assumptions used for the costing. The revenue costing provides an indication of order of magnitude only.

With regards to the proposed EIF offset, all of the \$187.4 million in EIF funding which remains legally uncommitted was allocated under the \$500.0 million Regional Priorities Round, announced in the 2011-12 Budget. Of the \$187.4 million, \$76.5 million has been publicly announced for three Technical and Further Education projects, leaving \$111.0 million legally uncommitted and unannounced.

To achieve the specified savings, the uncommitted EIF funds of \$111.0 million over three years would be returned to the EIF Nation Building Fund and would no longer be available for allocation under the Regional Priorities Round.

Where relevant, explain effects of departmental expenses.

The administration costs of the Small Business Investment Boost are to be absorbed by the Australian Taxation Office.



For more information see www.electioncostings.gov.au/copyright-notice-2

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Background information

Costing methodology used:

The revenue costing compares estimates of the value of deductions under the proposed \$10,000 instant write-off for new assets to the value of deductions under the current depreciation arrangements for small businesses. It takes into account the effect of the temporary increase in the immediate deduction and also the flow on effect to depreciation in the small business pool.

Proposed Offsets

The costing request specifies that offsetting savings of \$200.0 million over four years from the *Education Investment Fund*, the *Economic Competitiveness Fund* and the *Building Stronger Communities Fund* would be redirected to offset the proposal, with the following financial profile:

	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Education Investment Fund	11.4	33.1	66.5	0.0	111.0
Economic Competitiveness Fund	28.5	0.5	19.7	20.2	68.9
Building Stronger Communities	5.3	4.5	5.3	5.1	20.1
Total	45.2	38.1	91.6	25.3	200.0

Finance confirms that there is sufficient uncommitted funding available in these programs to meet the proposed profile for the offsetting savings. The proposal is offset over the forward estimates period.

• Costing techniques.

- Timing 100% on assessment.
- All eligible businesses currently use the small business depreciation concessions.
- Average marginal tax rates of 30 per cent for companies and 33 per



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cent for businesses other than companies.

- **Policy parameters.**

- It is assumed that the temporary increase for eligible assets costing up to \$10,000 only applies to new assets purchased after the start date. Existing pool balances are ineligible for the higher write-off amount and will continue to receive the existing treatment.

- **Statistical data used.**

- 2010-11 tax return data.

Behavioural assumptions used (as appropriate).

- The costing assumes no behavioural change.



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Australian Government
Department of Finance and Deregulation

MEDIA RELEASE

5 September 2013

Our Ref: ALP058

RELEASE OF COSTING OF ELECTION COMMITMENT

The Secretary to the Department of Finance and Deregulation today released the following election commitment costing under the *Charter of Budget Honesty Act 1998*:

Tools for Your Trade as announced by the Government.

This costing was completed consistent with the *Charter of Budget Honesty: Policy Costing Guidelines - 2012* which are available on www.electioncostings.gov.au. A copy of the completed costing is attached.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Kayelle Drinkwater
Telephone: 02 6215 3929



Australian Government
Department of Finance and Deregulation
The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: Tools for Your Trade	
Costing Identifier:	ALP058 FINANCE
Summary of costing:	<p>The commitment is to increase the completion payment under the existing <i>Tools for Your Trade</i> initiative from \$1,500 to \$2,000 from 1 July 2014.</p> <p>The commitment would be fully offset from a redirection of uncommitted funding including:</p> <ul style="list-style-type: none">• \$15.6 million from the <i>Building Stronger Communities Fund</i> and \$3.8 million from the <i>Improving Educational Outcomes Program</i> within the Department of Education, Employment and Workplace Relations; and• \$14.8 million from the <i>Financial Management Program</i> within the Department of Families, Housing, Community Services and Indigenous Affairs.
Person making the request:	Prime Minister
Date costing request received:	3 September 2013
Date of public release of policy:	1 September 2013
Date costing completed:	5 September 2013
Additional information requested (including date):	Not Applicable.
Additional information received (including date):	Not Applicable.

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Tools for Your Trade Boost (\$m)	0.0	-11.3	-11.4	-11.4
Proposed Offsets (\$m)	21.2	6.1	0.8	6.0
Underlying Cash Balance (\$m)	21.2	-5.2	-10.6	-5.4
Fiscal Balance (\$m)	21.2	-5.2	-10.6	-5.4

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

<p>Where relevant, state that the proposal has been costed as a defined or specified amount.</p> <p>Not applicable.</p>
<p>Where relevant, include separate identification of revenue and expense components.</p> <p>Not applicable.</p>
<p>Where appropriate, include a range for the costing or sensitivity analysis.</p> <p>Not applicable.</p>
<p>Qualifications to the costing (including reasons for the costing not being comprehensive).</p> <p>Not applicable.</p>
<p>Where relevant, explain effects of departmental expenses.</p> <p>The costing request specifies that departmental costs to deliver the commitment will be absorbed by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE).</p>
<p>Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.</p> <p>Not applicable.</p>
<p>Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).</p> <p>Not applicable.</p>

Background information**Costing methodology used:**

The costing is based on increasing the *Tools for Your Trade* completion payment by \$500, from \$1,500 to \$2,000. The costing assumes that approximately 22,600 apprentices per year will receive the higher completion payment, effective from 1 July 2014. The estimated number of eligible apprentices noted in the costing request is consistent with data provided to Finance by DIICSRTE as part of the 2013-14 Budget.

Proposed Offsets

The costing request specifies that offsetting savings of \$34.2 million over four years from the *Building Stronger Communities Fund*, the *Improving Educational Outcomes Program* and the *Financial Management Program* would be redirected to offset the proposal, with the following financial profile:

	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Building Stronger Communities	9.5	0.1	0.4	5.6	15.6
Improving Educational Outcomes Program*	2.0	1.0	0.4	0.4	3.8
Financial Management Program	9.7	5.1	0.0	0.0	14.8
Total	21.2	6.1	0.8	6.0	34.1

* The profile of the offset varies slightly from the profile provided in the costing request to reflect the current uncommitted funding under the program.

Finance confirms that there is sufficient uncommitted funding available in the *Building Stronger Communities Fund*, the *Improving Educational Outcomes Program* and the *Financial Management Program* to offset the commitment. This proposal is fully offset over the forward estimates.

Behavioural assumptions used (as appropriate).

Consistent with previous costings, this costing assumes that the commitment will not lead to a significant increase in apprenticeship completions rates.



Australian Government
The Treasury



RELEASE OF COSTING OF ELECTION COMMITMENTS

Treasury today released the following election commitment costings under the *Charter of Budget Honesty Act 1998*, announced by the Government:

- **Small Business Investment Boost**
- **NSW Superannuation**

These costings were completed consistent with the *Charter of Budget Honesty: Costing Election Commitments 2012* guidelines. These guidelines and a copy of the completed costings are available on the www.electioncostings.gov.au website.

A handwritten signature in black ink, appearing to read 'M. Parkinson'.

Martin Parkinson
Secretary to the Treasury

Contact: Marty Robinson
Telephone: (02) 6263 2740

5 September, 2013



Australian Government
Department of Finance and Deregulation
The Treasury

PUBLIC RELEASE OF 2013 ELECTION COMMITMENT COSTING

Name of proposal costed: NSW SUPERANNUATION	
Costing Identifier:	ALP079_TREASURY
Summary of costing:	<p>The NSW Police Blue Ribbon Insurance (PBRI) arrangements and the NSW Government's decision to provide the scheme through superannuation can significantly restrict NSW Police Officers from making additional salary sacrifice contributions for their retirement through superannuation.</p> <p>This proposal is to exclude NSW PBRI contributions from the concessional contributions cap.</p> <p>This commitment would be offset over the forward estimates by redirection of uncommitted funds from the Building Stronger Communities Fund.</p>
Person making the request:	Prime Minister
Date costing request received:	4 September
Date of public release of policy:	4 September
Date costing completed:	5 September
Additional information requested (including date):	N/A
Additional information received (including date):	N/A

Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying Cash Balance (\$m)	0	-0.2	-1.1	+1.3
Fiscal Balance (\$m)	0	-0.2	-1.1	+1.3

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.



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Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable

Where relevant, include separate identification of revenue and expense components.

Impact on	2013-14	2014-15	2015-16	2016-17	Total
Revenue - Exclude insurance contributions to PBRI from excess contributions calculation	0	-0.2	-1.1	-1.6	-2.9
Expense - Building Stronger Communities Fund - Reduction	0	0	0	2.9	2.9
Total	0	-0.2	-1.1	1.3	0

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable

Qualifications to the costing (including reasons for the costing not being comprehensive).

The reliability of this costing is medium for the following reasons:

- The estimates are based on salary range data and aggregate information on salary sacrifice for people aged 30 to 49 and not on actual contributions data for members. As a result, general assumptions based on averages are applied to groups of individuals.
- This policy will only affect a small group of people (NSW police officers in the PBRI scheme) and is likely to create behavioural responses in terms of salary sacrifice contributions. These are difficult to predict as these contributions vary between individuals depending on personal circumstances and preferences.

Where relevant, explain effects of departmental expenses.

Not applicable

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.



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Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

The timing of ECT collections results in lagged effects on the assessment of excess contributions. Under the tax liability method revenue is recognised when it is assessed. So the underlying cash balance and fiscal balance impacts are the same.

Background information

Costing methodology used:

• **Costing techniques.**

- Summary information on staffing, incomes and contribution levels for officers in the NSW police force was used to determine average compulsory contribution levels and the ability to make personal contributions.
- Population estimates from the Treasury's personal income tax and superannuation micro-simulation model (Tax Model) were used to calculate average take up rates and voluntary contribution levels.
- Both sources of information were combined to estimate the total revenue impact, split into additional salary sacrifice amounts and reduced ECT receipts.
- The effects of ECT receipts on revenue were adjusted to reflect the timing of ECT assessment and collections.

• **Statistical data used.**

- Summary superannuation information received from the Police Association of New South Wales.
- Public information on staffing and incomes available on the NSW police force website.
- The Tax Model uses a confidentialised 16 per cent sample file of 2009-10 tax file data.

Behavioural assumptions used (as appropriate).

- Officers are assumed to behave in a similar manner to other officers in similar positions and pay grades, as well as to other tax filers in the same age and income bracket.
- Officers would only alter their salary sacrifice levels under the new policy if they had the ability to do so, and if it resulted in a tax benefit.



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- Low income earning officers would not respond to the policy as they are unlikely to reach their concessional cap even if they decide to salary sacrifice.
- High Income earning officers are also unlikely to respond to the policy, by changing salary sacrifice contributions, as they are likely to be already exceeding their concessional cap, even under low contribution rates.



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