



Parliament of Australia
Parliamentary Budget Office

Post-election report of election commitments

2013 general election

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Statement by the Parliamentary Budget Officer

Consistent with the requirements of the *Parliamentary Service Act 1999*, I declare that, to the fullest extent possible, the information in the post-election report of election commitments for the 2013 general election for which I am responsible:

- i. uses the Pre-Election Economic and Fiscal Outlook 2013 report as the baseline for the costings of election commitments included in this report;
- ii. incorporates costings of all the election commitments of each designated Parliamentary party that, in my best professional judgement, would have a material impact on the Commonwealth budget estimates for the current financial year and the following three financial years; and
- iii. shows for each designated Parliamentary party, the total combined impact those election commitments would have on the Commonwealth budget estimates for the current and the following three financial years.



Phil Bowen PSM FCPA
Parliamentary Budget Officer

18 October 2013

Section 1: Introduction

Under section 64MA of the *Parliamentary Service Act 1999* (the Act), the Parliamentary Budget Officer must, before the end of 30 days after the end of the caretaker period for a general election, prepare a post-election report of election commitments.

This report must include, for each designated Parliamentary party, costings of all the election commitments of that party that the Parliamentary Budget Officer in his or her best professional judgement, reasonably believes would have a material impact on the Commonwealth budget estimates for the current financial year and the following three financial years, along with the total combined impact of those election commitments on the budget.

Section 7 of the Act defines a designated Parliamentary party as a political party at least five members of which were members of the Parliament of the Commonwealth immediately before the caretaker period.

Section 7 of the Act defines an election commitment as a policy that a Parliamentary party has publicly announced it intends to seek to have implemented after the election.

Designated Parliamentary parties

The 43rd Parliament was prorogued and the House of Representatives was dissolved on 5 August 2013. At that time there were three parties that met the requirements of a designated Parliamentary party for the purposes of the Act. These were:

- the Australian Labor Party with 71 members of the House of Representatives and 31 Senators;
- the Liberal Party of Australia and National Party of Australia (the Coalition) which for the purposes of this report are treated as a single party, with 72 members of the House of Representatives and 34 Senators; and
- the Australian Greens with one member of the House of Representatives and nine Senators.

The Parliamentary Budget Officer consulted with the designated Parliamentary parties at various stages during the preparation of this report. The process for consultation with the designated Parliamentary parties, as set out in the Act is summarised in **Attachment A**.

Basis for inclusion of election commitments in the report

In preparing the list of election commitments to be included in this report, as required by subsection 64MA(6) of the Act the Parliamentary Budget Officer has had regard to the lists of policies provided by the designated parties under subsection 64MA(3) of the Act and public announcements made by the designated Parliamentary parties before and during the caretaker period for the 2013 general election. On this basis, the Parliamentary Budget Officer is reasonably satisfied that the election commitments of the designated Parliamentary parties that would have a material impact on the Commonwealth budget have been included in the report.

Basis for costings of election commitments

In accordance with subsection 64E(3) of the Act, the baseline for the costings of election commitments included in this report is the Pre-Election Economic and Fiscal Outlook 2013 report (PEFO) released on 13 August 2013 by the Secretary to the Treasury and the Secretary of the then Department of Finance and Deregulation (Finance).

The costings included in this report have been prepared in accordance with the Charter of Budget Honesty Policy Costing Guidelines (the Charter Guidelines) issued by the Secretary to the Treasury and the Secretary of Finance. The costings have been prepared either by the Parliamentary Budget Officer under the provisions of the Act or by the Secretary to the Treasury and the Secretary of Finance under the provisions of the *Charter of Budget Honesty Act 1998* (the Charter). Where the costings have been prepared by the Secretary to the Treasury and the Secretary of Finance, the Parliamentary Budget Officer has taken all reasonable steps necessary to determine that the costings are valid and appropriate for inclusion in the report.

Costings prepared by the Parliamentary Budget Officer are based on the best information available, including known details of items already included in the budget. The Parliamentary Budget Officer does not have access to the details of provisions for individual items included in the Contingency Reserve in the budget. Accordingly, the Parliamentary Budget Officer's costings are subject to the qualification that they are prepared in the absence of information on the possible impact of any provisions in the Contingency Reserve.

Financial impact of a party's election commitments on Commonwealth budget estimates

The total combined impact of each designated Parliamentary party's election commitments on the Commonwealth budget comprises the sum of the direct financial impacts of the individual election commitments, plus any consequential change in public debt interest cost. Each policy is costed in its own right against the PEFO estimates as the baseline, but where there are significant interactions between the policies of a party, those interactions are identified and taken into account in the report.

This report does not account for the effect of parameter and other variations on the Commonwealth budget estimates that may have arisen since the PEFO, and therefore the information contained in this report does not represent revised budget estimates for the Commonwealth.

Section 2: Overview of impacts of election commitments on the Commonwealth budget

The total combined financial impact of election commitments over the 2013-14 Budget forward estimates period for each designated Parliamentary party are set out below in **table 1**.

Table 1: Total financial impact of election commitments of designated Parliamentary parties

Designated Parliamentary party	Total combined financial impact (\$m)				Total
	2013-14	2014-15	2015-16	2016-17	
Australian Labor Party¹					
Impact on underlying cash balance	61.1	-97.4	-73.0	118.9	9.5
Impact of fiscal balance	61.1	-91.2	-73.2	118.8	15.4
Coalition¹					
Impact on underlying cash balance	702.3	4,100.7	1,660.5	681.8	7,145.5
Impact of fiscal balance	2,872.3	4,303.2	1,554.0	560.3	9,290.0
Australian Greens¹					
Impact on underlying cash balance	-293.2	1,744.8	711.1	-100.0	2,062.5
Impact of fiscal balance	211.2	1,814.6	-1,537.8	-105.9	381.8

For the financial impact on the budget balances, a positive number indicates an improvement in the budget balance, a negative number indicates a deterioration in the budget balance.

Numbers may not add due to rounding.

- For a complete list of election commitments for each designated Parliamentary party, and their financial impact over the 2013-14 Budget forward estimates period, refer to the following tables: Australian Labor Party – table 2 on pages 9-23; Coalition – table 3 on pages 29-44; and the Australian Greens – table 4 on pages 49-55.

Australian Labor Party (ALP)

The ALP's total combined election commitments are estimated to increase the underlying cash balance by \$9.5 million over the 2013-14 Budget forward estimates period. This reflects a net decrease in receipts of \$202.9 million and a net decrease in payments of \$212.4 million.

The ALP's total combined election commitments are estimated to increase the fiscal balance by \$15.4 million over the 2013-14 Budget forward estimates period. This reflects a net decrease in revenue of \$202.9 million and a net decrease in expenses of \$218.3 million.

The largest of the ALP election commitments is *Better Schools: Before and After*, involving \$449.9 million in spending over the forward estimates on funding for schools to expand outside school hours care. The next largest ALP election commitment is the *South Australian River Murray Sustainability Program*, involving \$230.5 million in spending on the River Murray over the same period. Both of these election commitments have a zero net impact on the budget over the forward estimates as they are fully offset by funding already accounted for at the time of the PEFO.

A number of the ALP election commitments could result in a significant financial impact beyond the forward estimates. The ALP election commitment *New Car Plan for the 2020s* would result in a significant decrease to the underlying cash balance and fiscal balance beyond the forward estimates. While having no impact over the forward estimates, this election commitment would increase capped funding under the Automotive Transformation Scheme by \$500 million over four years from 2017-18.

The ALP election commitment *Establish a High Speed Rail Authority* could result in significant budget impacts beyond the forward estimates. This would depend on the final specification of any policy to construct high speed rail on the east coast of Australia.

Coalition

The Coalition's total combined election commitments are estimated to increase the underlying cash balance by \$7.1 billion over the 2013-14 Budget forward estimates period. This reflects a net decrease in receipts of \$7.7 billion and a net decrease in payments of \$14.9 billion.

The Coalition's total combined election commitments are estimated to increase the fiscal balance by \$9.3 billion over the 2013-14 Budget forward estimates period. This reflects a net decrease in revenue of \$12.3 billion and a net decrease in expenses of \$21.6 billion.

Coalition election commitments with a significant financial impact include the removal of the Minerals Resources Rent Tax (MRRT) and associated spending measures. While removing the MRRT leads to revenue forgone of \$3.5 billion over the forward estimates, this is more than offset by abolishing associated spending measures, resulting in a net increase of \$13.8 billion to the underlying cash balance and a net increase of \$15.5 billion to the fiscal balance.

Other major contributions to the increases in the underlying cash and fiscal balances include the commitment to reduce the public service headcount by 12,000 through natural attrition, and the commitment to limit growth in foreign aid spending in line with inflation, which provide savings over the forward estimates of \$5.2 billion and \$4.5 billion respectively.

The Coalition's package of *Border Protection Policies* contributes to an increase in the underlying cash and fiscal balances of \$985 million over the forward estimates. This reflects gross savings of \$1.4 billion largely from lower anticipated arrivals rates, partially offset by costs of \$441 million associated with a range of initiatives under the Coalition's policies for *A Regional deterrence framework to combat people smuggling* and *Operation Sovereign Borders*.

The *Paid Parental Leave Scheme Package* also contributes to an increase in the underlying cash balance by \$805 million and an increase in the fiscal balance by \$835 million over the forward estimates. The gross cost of the package (\$9.9 billion on both an underlying cash and fiscal basis over the forward estimates) is largely offset by the 1.5 per cent levy on companies that would help fund this scheme, as well as the savings from the replacement of the previous Government's scheme and the existing Commonwealth and State public sector schemes.

These increases are substantially offset by Coalition commitments that decrease the underlying cash and fiscal balances, including the removal of the carbon tax. The net budget impact of the removal of the carbon tax package is to decrease the underlying cash balance by \$7.3 billion and the fiscal balance by \$6.1 billion over the forward estimates. This difference arises primarily from the different cash and accrual accounting treatments of free carbon permits and of investments made by the Clean Energy Finance Corporation.

Other significant decreases to the underlying cash and fiscal balances over the forward estimates come from the reduction of the company tax rate to 28.5 per cent and the net impact of the Coalition's Infrastructure Package. These initiatives reduce the underlying cash and fiscal balances by \$4.9 billion and \$4.7 billion respectively over the forward estimates.

The Coalition's total combined election commitments would increase the headline cash balance by \$15.1 billion over the forward estimates. This represents an increase of \$7.9 billion relative to the underlying cash balance impact, which reflects the reduction in loans and equity investments from abolishing the Clean Energy Finance Corporation of \$5.6 billion, reduced equity investments into NBN Co of \$4.2 billion, and the loans provided through *Better Apprenticeship Support* which requires additional financing of \$1.9 billion.

In addition, the commitment *Fair Indexation of Military Super* would decrease the Commonwealth's net worth by \$4.4 billion by 2016-17. This arises from a revaluation of the stock of unfunded future superannuation liabilities.

The overall impact of Coalition election commitments beyond 2016-17 will not necessarily reflect their impact on the underlying cash and fiscal balances over the forward estimates. This is the result of some commitments reaching their full impact outside the forward estimates and some commitments that are likely to have a more limited impact beyond 2016-17.

The underlying cash balance impact of the commitment to change indexation arrangements for military superannuation¹ occurs when (higher) pension payments are made and is significantly larger beyond the forward estimates, increasing from \$30 million in 2016-17 to peak at an estimated \$460 million in 2046-47². The fiscal balance impact of this commitment will grow in line with the accruing superannuation entitlements of scheme members, before declining as these members reach retirement. The commitment will also continue to reduce the Government's net worth well beyond the forward estimates peaking at around \$7 billion in 2035-36².

The saving from the proposal to pause the increase in the rate of the Superannuation Guarantee (SG) by two years from 1 July 2014 will continue to grow from \$875 million in 2016-17 to peak in 2019-20 at around \$1.15 billion, before falling sharply as the SG rate reaches 12 per cent in 2021-22, to be around \$80 million per annum from 2023-24.

Cutting the company tax rate to 28.5 per cent is estimated to have a mature cost in the order of \$3.7 billion in 2018-19 (\$4.2 billion in 2016-17) and the company levy is estimated to have a mature saving in the order of \$3.3 billion in 2018-19 (\$3.7 billion in 2016-17), the difference arising due to timing of company tax payments. The annual estimates for both proposals will grow in line with the underlying growth in the company tax base from 2018-19.

The proposed abolition of the carbon pricing mechanism and the MRRT will continue to result in reduced revenue beyond the forward estimates, although these taxes are likely to be highly volatile and the amount of revenue forgone is very difficult to estimate.

¹ The proposal is for pensions payable under the Defence Forces Retirement Benefit (DFRB) and Defence Force Retirement and Death Benefits (DFRDB) to be indexed by the same indexation method applying to the maximum basic rate of the Age Pension for superannuants aged 55 and over.

² Considerable uncertainty is attached to long-term projections and should therefore be treated as broadly indicative only.

Australian Greens

The Australian Greens' total combined election commitments are estimated to increase the underlying cash balance by \$2.1 billion over the 2013-14 Budget forward estimates period. This reflects net increases in receipts of \$45.8 billion and payments of \$43.7 billion.

The combined impact of election commitments for the Australian Greens are estimated to increase the fiscal balance by \$0.4 billion over the 2013-14 Budget forward estimates period, reflecting net increases in revenue of \$43.8 billion and expenses of \$43.4 billion.

Significant spending commitments are raising Newstart and payments for single parents, introducing universal dental care, expanding the Paid Parental Leave (PPL) scheme and providing additional childcare assistance. These commitments would decrease the underlying cash balance by \$18.8 billion and the fiscal balance by \$18.9 billion over the forward estimates.

The effect of these commitments is offset by the *Resourcing a Caring Society* package that would increase the underlying cash balance by \$40.0 billion and the fiscal balance by \$40.3 billion over the forward estimates. This package includes increasing the MRRT, introducing a levy on bank assets, increasing taxes on personal incomes over \$1 million and abolishing fuel and coal subsidies.

Relative to the underlying cash balance the total combined election commitments of the Australian Greens would decrease the headline cash balance by \$4.3 billion. The decrease in the headline cash balance is mainly due to the commitment to increase loans and equity investments by the Clean Energy Finance Corporation. The commitment to introduce zero interest social housing growth bonds also contributes to the decrease in the headline cash balance.

The overall impact of the election commitments of the Australian Greens beyond 2016-17 will not necessarily reflect their impact on the underlying cash and fiscal balances over the forward estimates. This is the result of some commitments reaching their full cost outside of the forward estimates and some commitments that are likely to have a more limited impact beyond 2016-17.

The commitment to increase international aid is estimated to decrease the underlying cash and fiscal balances by \$1.9 billion in 2015-16, rising to \$4.6 billion in 2020-21 to achieve the international aid target of 0.7 per cent of Gross National Income in that year.

Reversing decisions to move to a floating carbon price from 1 July 2014, would increase the underlying cash balance by \$5.2 billion and the fiscal balance by \$3.5 billion over the forward estimates. No net additional revenue would be expected beyond the forward estimates as the commitment converges with the PEFO position.

Section 3: Australian Labor Party – election commitments

Summary of the Australian Labor Party’s election commitments

The ALP’s total combined election commitments are estimated to increase the underlying cash balance by \$9.5 million over the 2013-14 Budget forward estimates period. This reflects a net decrease in receipts of \$202.9 million and a net decrease in payments of \$212.4 million.

The ALP’s total combined election commitments are estimated to increase the fiscal balance by \$15.4 million over the 2013-14 Budget forward estimates period. This reflects a net decrease in revenue of \$202.9 million and a net decrease in expenses of \$218.3 million.

The Parliamentary Budget Officer’s final list of the Australian Labor Party election commitments and their total combined financial impact on the Commonwealth budget estimates is set out below in **table 2**. This table is presented on the basis submitted by the ALP and reflects the portfolio structure at the time of the 2013 general election.

Major contributions to the budget impact

The largest of the ALP election commitments is *Better Schools: Before and After*, involving \$449.9 million in spending over the forward estimates on funding for schools to expand outside school hours care. The next largest ALP election commitment is the *South Australian River Murray Sustainability Program*, involving \$230.5 million in spending on the River Murray over the same period. Both of these election commitments have a zero net impact on the budget over the forward estimates as they are fully offset by funding already accounted for at the time of the Pre-Election Economic and Fiscal Outlook 2013 (PEFO).

The costs of many of the ALP election commitments are offset by a redirection of uncommitted funds. This involves the reallocation of spending that was previously provisioned for in the budget, but yet to be contractually committed.

Impacts on headline cash and net worth

The ALP’s total combined election commitments would increase the headline cash balance by \$9.5 million over the 2013-14 Budget forward estimates period. This is the same as the impact on the underlying cash balance.

There is no additional impact on net worth from the ALP’s election commitments.

Longer term budget impacts

The ALP election commitment *New Car Plan for the 2020s* would result in a significant decrease to the underlying cash balance and fiscal balance beyond the forward estimates. While having no impact over the forward estimates, this election commitment would increase capped funding under the Automotive Transformation Scheme by \$500 million over four years from 2017-18.

The ALP election commitment *Establish a High Speed Rail Authority* could result in significant budget impacts beyond the forward estimates. This would depend on the final specification of any policy to construct high speed rail on the east coast of Australia.

Interaction of election commitments

It is not expected that any ALP election commitments would result in significant interactions if they were implemented in concert.

Costing documentation

In cases where the ALP has advised that the funding associated with an ALP election commitment is a fixed amount, costing documentation for these election commitments is not included in this report. The same approach has been adopted in relation to election commitments which the ALP has indicated would be implemented within existing resources and therefore have a zero financial impact over the forward estimates. For these election commitments, the Parliamentary Budget Officer has made an assessment and satisfied himself that funding is available for these commitments.

Costing documentation for all election commitments for which funding is not based on fixed amounts can be found at **Attachment B**.

Table 2: Australian Labor Party – financial impact of election commitments

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
MEASURES CONFIRMED IN THE ECONOMIC STATEMENT¹												
	Fair Go for Farmers - National Register of Foreign Ownership of Agricultural Land	2013 Economic Statement	-1.3	-0.9	-0.5	-0.5	-3.2	-1.3	-0.9	-0.5	-0.5	-3.2
	Australian Commission for Law Enforcement Integrity additional funding	2013 Economic Statement	-1.2	-2.2	-2.3	-2.3	-8.0	-1.2	-2.2	-2.3	-2.3	-8.0
	Boost For World Class Australian ICT Research	2013 Economic Statement	-	-	-42.0	-	-42.0	-	-	-42.0	-	-42.0
	Digital Business Kits	2013 Economic Statement	-	-	-	-	-	-	-	-	-	-
	Centre for Quality Teaching and Learning at the University of Canberra	2013 Economic Statement	-	-	-	-	-	-	-	-	-	-
	Bureau of Meteorology's capacity to respond to extreme weather – frontline services and supercomputing capability and natural disasters	2013 Economic Statement	-17.6	-12.4	-13.3	-15.3	-58.5	-17.6	-12.4	-13.3	-15.3	-58.5
	South Australian River Murray Sustainability Program	2013 Economic Statement	-30.2	-55.1	-80.1	-65.1	-230.5	-30.2	-55.1	-80.1	-65.1	-230.5
	<i>Measures confirmed in the Economic Statement</i>		-50.3	-70.6	-138.2	-83.2	-342.2	-50.3	-70.6	-138.2	-83.2	-342.2
	<i>Provision in the Economic Statement</i>		50.3	70.6	138.2	83.2	342.2	50.3	70.6	138.2	83.2	342.2
	Net impact of measures confirmed in the Economic Statement		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MEASURES CONFIRMED IN THE PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK²												
	Extend the Secure Schools Program	Pre-Election Economic and Fiscal Outlook 2013	-10.0	-	-	-	-10.0	-10.0	-	-	-	-10.0
	Extend the Forestry Workers Assistance Project delivered by ForestWorks	Pre-Election Economic and Fiscal Outlook 2013	-	-1.2	-1.2	-	-2.4	-	-1.2	-1.2	-	-2.4
	Extend Teach for Australia ³	Pre-Election Economic and Fiscal Outlook 2013	-4.4	-6.5	-7.6	-3.3	-21.8	-4.4	-6.5	-7.6	-3.3	-21.8
	Initiatives Supporting Innovation in Teacher Education (INSITE)	Pre-Election Economic and Fiscal Outlook 2013	-0.8	-1.9	-2.8	-2.6	-8.1	-0.8	-1.9	-2.8	-2.6	-8.1
	Additional funding for the Parliament and Civics Education Rebate program	Pre-Election Economic and Fiscal Outlook 2013	-1.4	-1.6	-1.7	-1.8	-6.5	-1.4	-1.6	-1.7	-1.8	-6.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Expand Foundation for Young Australians' Safe Schools Coalition program	Pre-Election Economic and Fiscal Outlook 2013	-2.0	-2.0	-2.0	-2.0	-8.0	-2.0	-2.0	-2.0	-2.0	-8.0
	Strengthen the Transition to Independent Living Allowance	Pre-Election Economic and Fiscal Outlook 2013	-	-	-	-	-	-	-	-	-	-
	Action Plan for Foetal Alcohol Spectrum Disorder ⁴	Pre-Election Economic and Fiscal Outlook 2013	-5.6	-6.8	-5.3	-2.3	-20.0	-5.6	-6.8	-5.3	-2.3	-20.0
	Prevention Program and Research to Address Increasing Rates of Sexually Transmissible Infections and Blood Borne Viruses	Pre-Election Economic and Fiscal Outlook 2013	-9.5	-7.3	-4.3	-3.9	-25.0	-9.5	-7.3	-4.3	-3.9	-25.0
	Aged Care - support for culturally and linguistically diverse communities	Pre-Election Economic and Fiscal Outlook 2013	-2.7	-5.2	-12.1	-12.4	-32.5	-2.7	-5.2	-12.1	-12.4	-32.5
	Epworth Health Care Geelong hospital - complex care unit	Pre-Election Economic and Fiscal Outlook 2013	-	-	-	-	-	-	-	-	-	-
	Redevelopment of the Victorian Eye and Ear Hospital	Pre-Election Economic and Fiscal Outlook 2013	-	-50.0	-50.0	-	-100.0	-	-50.0	-50.0	-	-100.0
	Extend the Small Business Superannuation Clearing House to businesses with less than 100 employees ⁵	Pre-Election Economic and Fiscal Outlook 2013	-2.7	-0.9	-0.5	-0.6	-4.7	-2.7	-0.9	-0.5	-0.6	-4.8
	Streamline administrative requirements for small businesses under the Paid Parental Leave scheme ⁵	Pre-Election Economic and Fiscal Outlook 2013	-7.8	-1.0	-0.8	-0.8	-10.4	-7.9	-1.0	-0.8	-0.8	-10.5
	Extra Support for the Car Industry	Pre-Election Economic and Fiscal Outlook 2013	-100.0	-100.0	-	-	-200.0	-100.0	-100.0	-	-	-200.0
	Investment in Toyota Australia's Future	Pre-Election Economic and Fiscal Outlook 2013	-6.9	-18.7	-1.0	-1.0	-27.6	-6.9	-18.7	-1.0	-1.0	-27.6
	Manufacturing Skills Plus	Pre-Election Economic and Fiscal Outlook 2013	-17.8	-17.8	-	-	-35.6	-17.8	-17.8	-	-	-35.6
	Skilling for Better Services	Pre-Election Economic and Fiscal Outlook 2013	-15.3	-15.3	-	-	-30.6	-15.3	-15.3	-	-	-30.6
	A New Way - Step into Skills	Pre-Election Economic and Fiscal Outlook 2013	-8.7	-17.5	-8.8	-	-35.0	-8.7	-17.5	-8.8	-	-35.0
	Strengthening Australia's Search & Rescue Service	Pre-Election Economic and Fiscal Outlook 2013	-3.2	-1.8	-2.9	-11.1	-19.0	-3.2	-1.8	-2.9	-11.1	-19.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Major Upgrade of Brookvale Oval ⁶	Pre-Election Economic and Fiscal Outlook 2013	-5.0	-5.0	-	-	-10.0	-5.0	-5.0	-	-	-10.0
	Heffron Park - High Performance Community Centre ⁶	Pre-Election Economic and Fiscal Outlook 2013	-11.2	-4.8	-	-	-16.0	-11.2	-4.8	-	-	-16.0
	Football and netball funding for the NT ⁶	Pre-Election Economic and Fiscal Outlook 2013	-0.3	-0.6	-	-	-0.9	-0.3	-0.6	-	-	-0.9
	Upgrade of the Brisbane Inner North Sporting Community ⁶	Pre-Election Economic and Fiscal Outlook 2013	-0.7	-0.1	-	-	-0.8	-0.7	-0.1	-	-	-0.8
	Upgrade of Meakin Park Junior Sporting Association facilities ⁶	Pre-Election Economic and Fiscal Outlook 2013	-0.5	-0.1	-	-	-0.5	-0.5	-0.1	-	-	-0.5
	Upgrade of the Peninsula Strikers Football Club ⁶	Pre-Election Economic and Fiscal Outlook 2013	-0.1	..	-	-	-0.1	-0.1	..	-	-	-0.1
	Development of the Pilbara's first green grass golf course ⁶	Pre-Election Economic and Fiscal Outlook 2013	-0.4	..	-	-	-0.4	-0.4	..	-	-	-0.4
	Enhancing our Creative Engagement with Asia - scholarships between Australian and Asian arts centres	Pre-Election Economic and Fiscal Outlook 2013	-0.5	-0.5	-0.5	-0.5	-1.8	-0.5	-0.5	-0.5	-0.5	-1.8
	Upgrade of the Adelaide Airport Stadium (Thebarton Oval) ⁶	Pre-Election Economic and Fiscal Outlook 2013	-4.6	-2.0	-	-	-6.6	-4.6	-2.0	-	-	-6.6
	<i>Measures confirmed in the Pre-Election Economic and Fiscal Outlook</i>		-222.0	-268.6	-101.4	-42.4	-634.4	-222.1	-268.6	-101.5	-42.4	-634.6
	<i>Provision in the Pre-Election Economic and Fiscal Outlook</i>		222.0	268.6	101.4	42.4	634.4	222.1	268.6	101.5	42.4	634.6
	Net impact of measures confirmed in the Pre-Election Economic and Fiscal Outlook		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MEASURES FROM FUNDS IDENTIFIED IN THE ECONOMIC STATEMENT AND THE PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK												
ECONOMIC COMPETITIVENESS FUND												
	Small Business NBN Innovation Fund ⁷	NBN Unleashing the Full Potential of Melbourne Businesses	-2.0	-3.0	-3.0	-2.0	-10.0	-2.0	-3.0	-3.0	-2.0	-10.0
	A Bigger Say For Small Business - small business advisor to the Fair Work Ombudsman ⁷	A Bigger Say for Small Business	-0.2	-0.3	-0.3	-0.3	-1.1	-0.2	-0.3	-0.3	-0.3	-1.1
	A Bigger Say For Small Business - creating a Small Business Consultative Council ⁸	A Bigger Say for Small Business	-	-	-	-	-	-	-	-	-	-

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	A Bigger Say For Small Business - New funding for the Council of Small Business Organisations of Australia ⁷	A Bigger Say for Small Business	-0.2	-0.2	-	-	-0.4	-0.2	-	-	-	-0.4
	Permanent funding for the Small Business Commissioner ⁷	A Bigger Say for Small Business	-	-	-	-0.5	-0.5	-	-	-	-0.5	-0.5
	Suburban Jobs Fund ⁷	Building Cities for the Future	-	-7.0	-7.0	-7.0	-21.0	-	-7.0	-7.0	-7.0	-21.0
	Growing the North: Expand the Ord Irrigation Scheme Stage 3 ^{4,7}	Growing the North: A Plan for Northern Australia	-10.0	-	-	-	-10.0	-10.0	-	-	-	-10.0
	Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ⁷	Labor's Jobs, Training and Apprenticeship Guarantee: Jobs and Training Australia	-10.7	-19.0	-	-	-29.7	-10.7	-19.0	-	-	-29.7
	Small Business Investment Boost	Rudd Labor Government Delivers Small Business Tax Relief	-28.5	-0.5	-19.7	-20.2	-68.9	-28.5	-0.5	-19.7	-20.2	-68.9
	<i>Commitments from Economic Competitiveness Fund</i>											
	<i>Provision for Economic Competitiveness Fund in 2013 Economic Statement</i>		-51.6	-30.0	-30.0	-30.0	-141.6	-51.6	-30.0	-30.0	-30.0	-141.6
	<i>Provision for Economic Competitiveness Fund in PEFO</i>		25.0	25.0	25.0	25.0	100.0	25.0	25.0	25.0	25.0	100.0
	<i>Net impact of commitments from Economic Competitiveness Fund</i>		26.6	5.0	5.0	5.0	41.6	26.6	5.0	5.0	5.0	41.6
	<i>BUILDING STRONGER COMMUNITIES FUND</i>											
	Better Schools: Before and After ⁷	Better Schools: Before and After	-52.7	-102.8	-127.3	-167.2	-449.9	-52.7	-102.8	-127.3	-167.2	-449.9
	Quality upgrades to child care centres in Darwin and Palmerston ⁷	Better Facilities for Darwin and Palmerston's Youngest	-0.5	-0.5	-	-	-1.0	-0.5	-0.5	-	-	-1.0
	Kick-start the Stadium Northern Australia project ^{4,7}	Labor Backs Stadium Northern Australia	-15.0	-	-	-	-15.0	-15.0	-	-	-	-15.0
	Boosting Tools for your Trade	Boosting Tools for Trade	-9.5	-0.1	-0.4	-5.6	-15.6	-9.5	-0.1	-0.4	-5.6	-15.6
	Small Business Investment Boost	Rudd Labor Government Delivers Small Business Tax Relief	-5.3	-4.5	-5.3	-5.1	-20.1	-5.3	-4.5	-5.3	-5.1	-20.1
ALP079	Superannuation - NSW Police Force	Rudd Labor Government Assists NSW Police to Save More For Their Retirement	-	-0.2	-1.1	-1.6	-2.9	-	-0.2	-1.1	-1.6	-2.9
	Glenelg Foreshore ⁷	Funding Secured for Glenelg	-0.3	-0.3	-	-	-0.5	-0.3	-0.3	-	-	-0.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Commitments from Building Stronger Communities Fund		-83.2	-108.4	-134.1	-179.5	-505.0	-83.2	-108.4	-134.1	-179.5	-505.0
	Provision for Building Stronger Communities Fund in 2013 Economic Statement		75.0	100.0	125.0	175.0	475.0	75.0	100.0	125.0	175.0	475.0
	Provision for Building Stronger Communities Fund in PEFO		29.5	7.9	7.9	7.9	53.2	29.5	7.9	7.9	7.9	53.2
	Uncommitted funding remaining in Building Stronger Communities Fund		21.2	0.0	0.0	1.8	23.0	21.2	0.0	0.0	1.8	23.0
	Net impact of commitments from Building Stronger Communities Fund		0.0	-0.5	-1.1	1.6	0.0	0.0	-0.5	-1.1	1.6	0.0
	HEALTHIER COMMUNITIES - PRIORITY INFRASTRUCTURE PROGRAM											
	Ambulatory care unit at the Grafton Base Hospital ^{4,7}	\$10 Million for Grafton Hospital to Boost Page Health Services	-6.0	-4.0	-	-	-10.0	-6.0	-4.0	-	-	-10.0
	Feasibility study for Adelaide Women's and Children's Hospital redevelopment scoping study ⁷	First Step Towards an Expanded Future for the Women's and Children's Hospital	-0.2	-	-	-	-0.2	-0.2	-	-	-	-0.2
	Lorne Community Hospital medical staff accommodation ⁷	Federal Labor Delivers Much Needed Lorne Community Hospital Upgrade	-0.2	-	-	-	-0.2	-0.2	-	-	-	-0.2
	Wyong Hospital neo-natal resuscitation trolley ^{4,7}	Healthier Communities - Priority Infrastructure	..	-	-	-	..	-	-	-	-	..
	Commitments from Healthier Communities - priority infrastructure program		-6.4	-4.0	0.0	0.0	-10.4	-6.4	-4.0	0.0	0.0	-10.4
	Provision for Healthier Communities - priority infrastructure program in PEFO		8.0	19.0	0.0	0.0	27.0	8.0	19.0	0.0	0.0	27.0
	Net impact of commitments from Healthier Communities - priority infrastructure program		1.6	15.0	0.0	0.0	16.6	1.6	15.0	0.0	0.0	16.6
	PRIORITY HEALTH INITIATIVES											
	Westmead Hospital ⁷	Priority health Initiatives	-	-40.0	-40.0	-20.0	-100.0	-	-40.0	-40.0	-20.0	-100.0
	Flinders Medical Centre - Neonatal Care ⁷	Priority health Initiatives	-5.0	-5.0	-5.0	-	-15.0	-5.0	-5.0	-5.0	-	-15.0
	Nepean Hospital - linear accelerator/mammogram machine ⁷	Priority health Initiatives	-	-10.0	-	-	-10.0	-	-10.0	-	-	-10.0
	Mt Druitt - full licence ⁷	Priority health Initiatives	-	-2.0	-2.0	-2.0	-6.0	-	-2.0	-2.0	-2.0	-6.0
	Millennium Institute - redevelopment ⁷	Priority health Initiatives	-6.0	-6.0	-	-	-12.0	-6.0	-6.0	-	-	-12.0
	Children's Medical Research Institute - redevelopment ⁷	Priority health Initiatives	-5.0	-5.0	-	-	-10.0	-5.0	-5.0	-	-	-10.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	WA cancer specialist workforce ⁷	Priority health Initiatives	-2.0	-2.0	-3.0	-3.0	-10.0	-2.0	-2.0	-3.0	-3.0	-10.0
	Chemotherapy chairs for RPA, Prince Charles and Royal Brisbane hospitals ⁷	Priority health Initiatives	-1.0	-3.0	-3.0	-3.0	-10.0	-1.0	-3.0	-3.0	-3.0	-10.0
	Stroke care coordinators in Medicare Local networks ⁷	Priority health Initiatives	-5.0	-15.0	-15.0	-15.0	-50.0	-5.0	-15.0	-15.0	-15.0	-50.0
	Cancer Care Nurse Coordinators in Regional Australia ⁷	Priority health Initiatives	-2.9	-3.3	-3.8	-5.1	-15.1	-2.9	-3.3	-3.8	-5.1	-15.1
	St George Hospital Redevelopment ⁷	Priority health Initiatives	-	-17.0	-5.0	-	-22.0	-	-17.0	-5.0	-	-22.0
	Emergency Funding for Biala Community Health Centre ⁷	Priority health Initiatives	-3.5	-	-	-	-3.5	-3.5	-	-	-	-3.5
	Commitments from Priority Health Initiatives		-30.4	-108.3	-76.8	-48.1	-263.6	-30.4	-108.3	-76.8	-48.1	-263.6
	Provision for Priority Health Initiatives in PEFO		23.8	106.8	83.3	51.6	265.5	23.8	106.8	83.3	51.6	265.5
	Net impact of commitments from Priority Health Initiatives		-6.6	-1.5	6.5	3.5	1.9	-6.6	-1.5	6.5	3.5	1.9
	Regional Development Projects in Northern Australia ⁷	Budget Impact of Federal Labor Commitments	-9.0	-18.0	-9.0	-2.0	-38.0	-9.0	-18.0	-9.0	-2.0	-38.0
	Commitments from Regional Development Projects in Northern Australia		-9.0	-18.0	-9.0	-2.0	-38.0	-9.0	-18.0	-9.0	-2.0	-38.0
	Uncommitted funds in Regional Development Projects in Northern Australia		9.0	18.0	9.0	2.0	38.0	9.0	18.0	9.0	2.0	38.0
	Net impact of commitments from Regional Development Projects in Northern Australia		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Sporting Communities Initiative ^{7, 9}	Sporting Communities Initiatives - Projects	-1.9	-16.4	-	-	-18.3	-1.9	-16.4	-	-	-18.3
	Commitments from Sporting Communities Initiative		-1.9	-16.4	0.0	0.0	-18.3	-1.9	-16.4	0.0	0.0	-18.3
	Uncommitted funds in Sporting Communities Initiative ⁹		1.9	16.4	0.0	0.0	18.3	1.9	16.4	0.0	0.0	18.3
	Net impact of commitments from Sporting Communities Initiative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Subtotal - Measures from Funds identified in the Economic Statement and the Pre-Election Economic and Fiscal Outlook		-5.0	13.0	5.4	5.1	18.5	-5.0	13.1	5.3	5.1	18.5
	ADDITIONAL LABOR ELECTION COMMITMENTS											
	AGRICULTURE, FISHERIES AND FORESTRY											
	Community Weed Management Fund ^{4,7}	Labor to Deliver New Community Weed Management Fund	-1.0	-5.0	-7.0	-7.0	-20.0	-1.0	-5.0	-7.0	-7.0	-20.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Beetroot factory study in the Lockyer Valley ⁷	Labor supports beetroot factory study in the Lockyer	-0.1	-	-	-	-0.1	-0.1	-	-	-	-0.1
	Fair Go for Farmers - independent mediator to negotiate a Food and Grocery Code of Conduct ⁷	Labor's Fair Go For Farmers	-0.1	-0.1	-	-	-0.2	-0.1	-0.1	-	-	-0.2
	Fair Go for Farmers - set of standardised contracts for produce supply ⁸	Labor's Fair Go For Farmers	-	-	-	-	-	-	-	-	-	-
	Assist Simplot growers through on farm productivity trial ⁷	Federal Labor to Secure Future of Simplot Growers Through On Farm Productivity Trial	-3.0	-3.5	-3.5	-	-10.0	-3.0	-3.5	-3.5	-	-10.0
	Continued roll-out of southern highlands irrigation scheme ^{4,7}	Southern Highlands Irrigation Scheme Gets Government Boost	-	-4.0	-10.8	-	-14.8	-	-4.0	-10.8	-	-14.8
	Centre for Regional and Rural Futures ⁷	\$13.5 Million Centre for More Productive Australian Agriculture	-1.0	-2.0	-2.0	-	-5.0	-1.0	-2.0	-2.0	-	-5.0
	Food and Agricultural Careers Plan – 20 Agriculture and Food Job Expos ⁷	Planting the Seeds for Australia's Farming Future	-2.0	-2.0	-2.5	-	-6.5	-2.0	-2.0	-2.5	-	-6.5
	<i>Agriculture, Fisheries and Forestry commitments</i>		-7.2	-16.6	-25.8	-7.0	-56.6	-7.2	-16.6	-25.8	-7.0	-56.6
	<i>Redirections from uncommitted funds</i> ^{10, 11}		7.2	16.6	25.8	7.0	56.6	7.2	16.6	25.8	7.0	56.6
	<i>Net impact - Agriculture, Fisheries and Forestry portfolio</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<i>BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY</i>											
	Fibre to the Football ⁷	Fibre to the Football	-0.2	-	-	-	-0.2	-0.2	-	-	-	-0.2
	NBN: Connecting Classrooms ⁷	NBN: Connecting Classrooms Fund	-3.0	-7.0	-5.0	-5.0	-20.0	-3.0	-7.0	-5.0	-5.0	-20.0
	<i>Broadband, Communications and the Digital Economy commitments</i>		-3.2	-7.0	-5.0	-5.0	-20.2	-3.2	-7.0	-5.0	-5.0	-20.2
	<i>Redirections from uncommitted funds</i> ^{10, 12}		3.2	7.0	5.0	5.0	20.2	3.2	7.0	5.0	5.0	20.2
	<i>Net impact - Broadband, Communications and the Digital Economy portfolio</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<i>DEFENCE</i>											
ALP007	Defence families to receive health assistance	Defence Families to Receive Health Assistance	-23.8	-45.7	-46.9	-48.0	-164.4	-23.8	-45.7	-46.9	-48.0	-164.4
	Establish a Future Navy Taskforce ⁷	Deploying Australia's Navy to Secure Our Nation	-0.3	-3.8	-1.0	-	-5.0	-0.3	-3.8	-1.0	-	-5.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)					
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total	
	Bring forward acquisition of supply ships ⁸	Labor Delivers Capability for Defence and Certainty for Australian Shipbuilding Industry	-	-	-	-	-	-	-	-	-	-	-
	Confirm construction of 12 future submarines ⁸	Labor Delivers Capability for Defence and Certainty for Australian Shipbuilding Industry	-	-	-	-	-	-	-	-	-	-	-
	<i>Defence commitments</i>		-24.1	-49.5	-47.9	-48.0	-169.4	-24.1	-49.5	-47.9	-48.0	-169.4	
	<i>Redirections from uncommitted funds^{10, 13}</i>		24.1	49.5	47.9	48.0	169.4	24.1	49.5	47.9	48.0	169.4	
	<i>Net impact - Defence portfolio</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	<i>EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS</i>												
	Better Schools: Before and After - Mychild website revamp ⁷	Helping Hand for Parents on Outside School Hours Care	-1.1	-0.9	-	-	-2.0	-1.1	-0.9	-	-	-2.0	
	Workplace Health and Safety Fund ⁷	Statement on Government Action on Home Insulation Program	-1.0	-	-	-	-1.0	-1.0	-	-	-	-1.0	
	Trade Training Centres ⁷	\$209.8 million for 137 new trade training centres	-40.0	-84.8	-85.0	-	-209.8	-40.0	-84.8	-85.0	-	-209.8	
	Include dyslexia and other learning difficulties in the Nationally Consistent Collection of Data on School Students with Disability ⁸	Making It Count for Students with Dyslexia and Learning Difficulties	-	-	-	-	-	-	-	-	-	-	
	Community language schools ⁷	\$6 million for Community Language Schools	-0.8	-1.8	-1.8	-1.8	-6.0	-0.8	-1.8	-1.8	-1.8	-6.0	
	Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ⁷	Labor's Jobs, Training and Apprenticeship Guarantee: Jobs and Training Australia	-11.3	-23.1	-	-	-34.4	-11.3	-23.1	-	-	-34.4	
	Go foundation - contribution ⁷	Rudd Says It's Good to Go!	-0.2	-	-	-	-0.2	-0.2	-	-	-	-0.2	
	<i>Education, Employment and Workplace Relations commitments</i>		-54.3	-110.6	-86.8	-1.8	-253.4	-54.3	-110.6	-86.8	-1.8	-253.4	
	<i>Redirections from uncommitted funds^{10, 14}</i>		53.6	111.1	86.8	1.8	253.2	53.6	111.1	86.8	1.8	253.2	
	<i>Net impact - Education, Employment and Workplace Relations portfolio</i>		-0.7	0.6	0.0	0.0	-0.1	-0.7	0.6	0.0	0.0	-0.1	

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	<i>FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS</i>											
	National Domestic Violence Service funding boost ⁷	National Domestic Violence Crisis Service Gets Funding Boost	-5.1	-7.8	-7.8	-7.8	-28.5	-5.1	-7.8	-7.8	-7.8	-28.5
	Upgrades for the Mutitjulu Health Clinic ⁷	Labor Supporting Health Care at Mutitjulu	-1.0	-	-	-	-1.0	-1.0	-	-	-	-1.0
ALP014	Boosting childhood immunisation rates across Australia	New rules for vaccine refusers in a boost for childhood immunisation	-	-	6.2	6.0	12.2	-	6.2	6.0	5.9	18.1
ALP022	Extend and boost support for Melbourne's five Adventure Playgrounds	\$3 Million Boost for Melbourne's Inner City Children	-0.1	-0.8	-0.8	-0.8	-2.5	-0.1	-0.8	-0.8	-0.8	-2.5
	Additional support for people with disability, their carers and families ⁷	\$10 million in Additional Support for people with Disability and Carers	-	-5.1	-2.4	-2.4	-10.0	-	-5.1	-2.4	-2.4	-10.0
	Additional funding for social media campaign to reduce violence against women ⁷	Social Media Campaign to Reduce Violence Against Women	-2.5	-1.5	-1.5	-1.5	-7.0	-2.5	-1.5	-1.5	-1.5	-7.0
	Supporting the Touched by Olivia Foundation to deliver more inclusive playgrounds ⁷	Federal Labor Supporting the Touched by Olivia Foundation to Deliver More Inclusive Playgrounds	-0.1	-	-	-	-0.1	-0.1	-	-	-	-0.1
	<i>Families, Housing, Community Services and Indigenous Affairs commitments</i>		-8.8	-15.2	-6.3	-6.6	-36.9	-8.8	-9.0	-6.5	-6.7	-31.0
	<i>Redirections from uncommitted funds^{10, 15}</i>		8.8	15.2	12.6	12.6	49.1	8.8	15.2	12.6	12.6	49.1
	<i>Net impact - Families, Housing, Community Services and Indigenous Affairs portfolio</i>		0.0	0.0	6.2	6.0	12.2	0.0	6.2	6.0	5.9	18.1
	<i>HEALTH AND AGEING</i>											
	New Palmerston Hospital ⁷	New Palmerston Hospital - 100% Funded by Federal Labor	-	-20.0	-11.5	-8.5	-40.0	-	-20.0	-11.5	-8.5	-40.0
	Establishment of Hummingbird House - a new children's hospice for East Brisbane ⁷	Funding Certainty for Hummingbird House in Brisbane	-0.8	-0.8	-0.8	-0.8	-3.1	-0.8	-0.8	-0.8	-0.8	-3.1
	Emergency Asthma Training and Awareness ⁷	\$10.5 Million for Asthma Training and Awareness	-3.3	-3.5	-3.7	-	-10.5	-3.3	-3.5	-3.7	-	-10.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Minister's Research Fellowship in Ending HIV ⁷	Government Steps Up Fight Against Sexually Transmissible Infections and Blood Borne Viruses	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-1.0	-1.0	-4.0
	Support to Arthritis Australia ⁷	\$3.2 Million to Support Arthritis Australia	-1.3	-1.2	-	-	-2.5	-1.3	-1.2	-	-	-2.5
	Active Ageing projects ⁷	Active Ageing and Better Care for Older Australians	-	-10.0	-10.0	-	-20.0	-	-10.0	-10.0	-	-20.0
ALP023	Medical Research Innovation Fund ¹⁶	New Medical Research Innovation Fund to Chart New Frontiers	-	-	-	-	-	-	-	-	-	-
	Initial response to the 2013 McKeon Review of Health and Medical Research ^{4,7}	McKeon Research Package	-18.7	-12.7	-12.4	-11.7	-55.5	-18.7	-12.7	-12.4	-11.7	-55.5
	Building a strong mental health system for Australia ⁷	Building a Strong Mental Health System for Australia	-4.8	-21.3	-28.2	-28.9	-83.3	-4.8	-21.3	-28.2	-28.9	-83.3
	Master Plan for health in Northern Geelong ⁷	Labor Funds Master Plan for Health in Northern Geelong	-	-1.0	-	-	-1.0	-	-1.0	-	-	-1.0
	Prince of Wales Hospital – contribution ⁷	\$30 Million for Prince of Wales Hospital	-7.5	-7.5	-7.5	-7.5	-30.0	-7.5	-7.5	-7.5	-7.5	-30.0
	Preventative Health Research Centre ⁷	Funding for New Preventative Health Research Centre	-3.8	-3.8	-3.1	-2.3	-12.9	-3.8	-3.8	-3.1	-2.3	-12.9
	Improving the Lives of People with Dementia - Honouring the Legacy of Hazel Hawke ⁷	Improving the Lives of People with Dementia: Honouring the Legacy of Hazel Hawke	-4.7	-3.2	-1.0	-1.0	-9.9	-4.7	-3.2	-1.0	-1.0	-9.9
	<i>Health and Ageing commitments</i>											
	<i>Redirections from uncommitted funds^{10, 17}</i>		-45.9	-86.0	-79.2	-61.7	-272.7	-45.9	-86.0	-79.2	-61.7	-272.7
	<i>Net impact - Health and Ageing portfolio</i>		57.9	79.1	66.6	51.5	255.1	57.9	79.1	66.6	51.5	255.1
	<i>IMMIGRATION AND CITIZENSHIP</i>		12.0	-6.9	-12.6	-10.1	-17.6	12.0	-6.9	-12.6	-10.1	-17.6
	Help Adult Migrant English Program providers build innovative partnerships with employers and industry ⁸	Labor Commits to Language Skills for Jobs	-	-	-	-	-	-	-	-	-	-
	<i>Net impact - Immigration and Citizenship portfolio</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)						
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total		
	INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION (IICCSRTE)													
	New Car Plan for the 2020s ¹⁸	Labor's New Car Plan for the 2020s	-	-	-	-	-	-	-	-	-	-	-	-
	Australian Innovation Partnerships - increase to 12 ⁷	Innovation Partnerships to Drive Industry Growth	-3.0	-3.0	-3.0	-3.0	-12.0	-3.0	-3.0	-3.0	-3.0	-12.0	-3.0	-12.0
	Feasibility study for university presence in areas of low higher education participation ⁷	Feasibility Study for University Presence in Areas of Low Higher Education Participation	-2.5	-	-	-	-2.5	-	-	-	-	-2.5	-	-2.5
	National Floating Systems Research Centre ⁷	Perth Will Be Home to Global Oil and Gas Innovation	-9.7	-13.6	-6.7	-	-30.0	-9.7	-13.6	-6.7	-	-30.0	-	-30.0
	Supporting Caterpillar's ongoing operations in Burnie ⁷	Labor Backs Strong Future for Caterpillar in Burnie	-2.0	-3.0	-	-	-5.0	-2.0	-3.0	-	-	-5.0	-	-5.0
	Modernise and upgrade Simplot Australia's facilities ⁷	Labor Keeps Iconic Food Brands in Business & Bathurst Locals in Jobs	-5.0	-5.0	-	-	-10.0	-5.0	-5.0	-	-	-10.0	-	-10.0
	A Secure Future for TAFE ⁸	A Secure Future for TAFE	-	-	-	-	-	-	-	-	-	-	-	-
ALP058	Boosting Tools for your Trade	Boosting Tools for Trade	-	-11.3	-11.4	-11.4	-34.1	-	-11.3	-11.4	-	-34.1	-11.4	-34.1
	More Jobs and Training for Australian Workers - Australian Industry Participation Plans ⁸	More Jobs and Training for Australian Workers	-	-	-	-	-	-	-	-	-	-	-	-
	Back SPC Ardmona's modernisation plan ⁷	\$25 Million Co-Investment Helps Secure Aussie Food Processing Jobs	-10.0	-10.0	-	-	-20.0	-10.0	-10.0	-	-	-20.0	-	-20.0
	Establish Australian Universities Press ⁷	Labor to Establish Australian Universities Press	-4.0	-4.0	-4.0	-	-12.0	-4.0	-4.0	-4.0	-	-12.0	-	-12.0
	Cooperative Research Centre - antibiotic-resistant bacteria ⁸	Budget Impact of Federal Labor Commitments	-	-	-	-	-	-	-	-	-	-	-	-
	University of Tasmania's Northern Health Initiative ⁷	New Health Hub to Boost Jobs in Northern Tasmania	-10.0	-10.0	-4.0	-4.0	-28.0	-10.0	-10.0	-4.0	-4.0	-28.0	-4.0	-28.0
	Gosford University College ⁷	Labor Commits \$12 Million to Establish Gosford University College	-	-12.0	-	-	-12.0	-	-12.0	-	-	-12.0	-	-12.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Houston-based industry engagement service ⁷	New Houston-Based Advocacy to Bring on Oil & Gas Investment	-0.3	-0.3	-	-	-0.5	-0.3	-0.3	-	-	-0.5
	<i>IICCSRTE commitments</i>											
	<i>Redirections from uncommitted funds</i> ^{10, 19}		-46.5	-72.2	-29.1	-18.4	-166.2	-46.5	-72.2	-29.1	-18.4	-166.2
	<i>Net impact - IICCSRTE portfolio</i>		67.7	67.0	18.5	13.0	166.2	67.7	67.0	18.5	13.0	166.2
	<i>INFRASTRUCTURE AND TRANSPORT</i>		21.2	-5.2	-10.6	-5.4	0.0	21.2	-5.2	-10.6	-5.4	0.0
	Safer trucks and buses - mandating ABS on new vehicles ⁸	Saving Lives Through Safer Trucks and Buses	-	-	-	-	-	-	-	-	-	-
	Outer Suburban Growth Taskforce ⁸	Building Cities for the Future	-	-	-	-	-	-	-	-	-	-
	Establish a High Speed Rail Authority ⁷	Building Infrastructure for the Future - High Speed Rail	-20.0	-10.0	-5.0	-20.0	-55.0	-20.0	-10.0	-5.0	-20.0	-55.0
	Tasmanian Freight Package ⁷	Labor Backs Tasmanian Growth with New \$40 Million Freight Support Package	-9.5	-9.5	-	-	-19.0	-9.5	-9.5	-	-	-19.0
	Nation Building Program ⁸	Budget Impact of Federal Labor Commitments	-	-	-	-	-	-	-	-	-	-
	Liveable Communities ⁷	Liveable Communities Program	-35.5	-42.5	-30.0	-	-108.0	-35.5	-42.5	-30.0	-	-108.0
	<i>Infrastructure and Transport commitments</i>											
	<i>Redirections from uncommitted funds</i> ¹⁰		-65.0	-62.0	-35.0	-20.0	-182.0	-65.0	-62.0	-35.0	-20.0	-182.0
	<i>Net impact - Infrastructure and Transport portfolio</i>		65.0	62.0	35.0	20.0	182.0	65.0	62.0	35.0	20.0	182.0
	<i>REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS AND SPORTS</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Innovative music education programs for school students ⁸	\$1.25 Million for School Music	-	-	-	-	-	-	-	-	-	-
	Regional Development Australia Fund - Round 5b ^{7, 20}	Budget Impact of Federal Labor Commitments	-12.6	-115.9	-21.8	-20.0	-170.3	-12.6	-115.9	-21.8	-20.0	-170.3
	<i>Regional Australia, Local Government, Arts and Sports commitments</i>											
	<i>Redirections from uncommitted funds</i> ^{10, 20}		-12.6	-115.9	-21.8	-20.0	-170.3	-12.6	-115.9	-21.8	-20.0	-170.3
	<i>Net impact - Regional Australia, Local Government, Arts and Sports portfolio</i>		0.0	128.5	21.8	20.0	170.3	0.0	128.5	21.8	20.0	170.3
			-12.6	12.6	0.0	0.0	0.0	-12.6	12.6	0.0	0.0	0.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	<i>SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES</i>											
	New Water Recovery Initiatives in the Murray-Darling Basin ⁷	\$40 Million for New Water Recovery Initiatives in the Murray-Darling Basin	-40.0	-	-	-	-40.0	-40.0	-	-	-	-40.0
	Victorian Farm Modernisation Project ⁷	\$100M Boost for Northern Victorian Farmers	-11.9	-11.1	-28.8	-29.9	-81.7	-11.9	-11.1	-28.8	-29.9	-81.7
	Additional support for the Save the Tasmanian Devil program ⁷	Save the Tasmanian Devil	-1.0	-1.0	-	-	-2.0	-1.0	-1.0	-	-	-2.0
	Construction of a permanent walkway to cater for the annual 5 Lands Walk ⁷	High Fives All 'Round for 5 Lands Walk Funding	-0.5	-2.0	-	-	-2.5	-0.5	-2.0	-	-	-2.5
	Additional investments to protect the Great barrier Reef ⁷	Labor Commits Additional \$12.6 Million to Tackle the Great Barrier Reef's Most Significant Threats	-7.2	-5.4	-	-	-12.6	-7.2	-5.4	-	-	-12.6
	Projects to improve Hobart's waterways ⁷	Funding for Waterways Projects	-0.5	-	-	-	-0.5	-0.5	-	-	-	-0.5
	Protecting Australia's National Parks - Expert Advisory Committee ⁷	Labor Commits to Protecting Australia's National Parks	-0.8	-1.6	-	-	-2.4	-0.8	-1.6	-	-	-2.4
	<i>Sustainability, Environment, Water, Population and Communities commitments</i>		-61.9	-21.1	-28.8	-29.9	-141.7	-61.9	-21.1	-28.8	-29.9	-141.7
	<i>Redirections from uncommitted funds¹⁰</i>		61.9	21.1	28.8	29.9	141.7	61.9	21.1	28.8	29.9	141.7
	<i>Net impact - Sustainability, Environment, Water, Population and Communities portfolio</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<i>TREASURY</i>											
ALP015	Cutting Business Red Tape - reducing the burden of GST	Cutting Business Red Tape - Reducing the Burden of GST	-	-	-	-	-	-	*	*	*	*
ALP054	Small Business Investment Boost	Rudd Labor Government Delivers Small Business Tax Relief	0.0	-150.0	-150.0	100.0	-200.0	0.0	-150.0	-150.0	100.0	-200.0
	<i>Treasury commitments</i>		0.0	-150.0	-150.0	100.0	-200.0	0.0	-150.0	-150.0	100.0	-200.0
	<i>Redirections from uncommitted funds^{4, 10, 21}</i>		45.2	38.1	91.4	25.3	200.0	45.2	38.1	91.4	25.3	200.0
	<i>Net impact - Treasury portfolio</i>		45.2	-111.9	-58.6	125.3	0.0	45.2	-111.9	-58.6	125.3	0.0
	Subtotal - Additional Labor election commitments		65.2	-110.8	-75.6	115.8	-5.4	65.2	-104.6	-75.8	115.7	0.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Total financial impact of the ALP's election commitments (excluding public debt interest)		60.1	-97.8	-70.2	120.9	13.0	60.1	-91.6	-70.4	120.8	18.9
	Impact of public debt interest		1.0	0.3	-2.8	-2.0	-3.5	1.0	0.3	-2.8	-2.0	-3.5
	Total financial impact of the ALP's election commitments		61.1	-97.4	-73.0	118.9	9.5	61.1	-91.2	-73.2	118.8	15.4

For the financial impact on the budget balances, a positive number indicates an improvement in the budget balance, a negative number indicates a deterioration in the budget balance.

Numbers may not add due to rounding.

* Unquantifiable but small.

.. Not zero, but rounded to zero.

- Nil

¹ These election commitments are fully reflected in the 2013 Economic Statement and therefore have no net financial impact. Costing documentation for these commitments is not included in this report.

² These election commitments are fully reflected in the Pre-Election Economic and Fiscal Outlook 2013 and therefore have no net financial impact. Costing documentation for these commitments is not included in this report.

³ The impact of this election commitment is different to the impact reported by the ALP in its list of election commitments (see Attachment C). The Parliamentary Budget Officer has used the final costing included in the Pre-Election Economic and Fiscal Outlook 2013 as advised by the Department of Finance and Deregulation.

⁴ The impact of this election commitment is different to the impact reported by the ALP in its list of election commitments (see Attachment C). The Parliamentary Budget Officer has used the impact reported under the relevant *Charter of Budget Honesty Act 1998* costing.

⁵ The impact of this election commitment is different to the impact reported by the ALP in its list of election commitments (see Attachment C) as this commitment has differing underlying cash balance and fiscal balance impacts.

⁶ These commitments were announced in the Pre-Election Economic and Fiscal Outlook 2013 but are also included in the Sporting Communities Initiative (see footnote 9).

⁷ The ALP has advised the funding associated with this election commitment is a fixed amount, and costing documentation for these commitments is not included in this report. The Parliamentary Budget Officer has not made an assessment on the adequacy of the funding in meeting the stated policy objectives.

⁸ The ALP has indicated these election commitments are to be funded within existing resources, or have a zero financial impact over the 2013-14 Budget forward estimates period. While costing documentation for these commitments is not included in this report, the Parliamentary Budget Officer has taken all reasonable steps to obtain information on the commitments and has made an assessment that these commitments have no financial impact.

⁹ The financial impact of this commitment does not include the impact of Sporting Communities Initiative commitments that are reported separately under *Measures confirmed in the Pre-Election Economic and Fiscal Outlook* (see footnote 6).

¹⁰ The Parliamentary Budget Officer has consulted with the relevant Government departments to satisfy himself that uncommitted funds are available for the redirections of funds.

¹¹ Includes drawdown on funds from Caring for Our Country in both the Sustainability, Environment, Water, Population and Communities portfolio and the Agriculture, Fisheries and Forestry portfolio for the *Continued roll-out of southern highlands irrigation scheme* commitment (refer to ALP064 Southern Highlands Irrigation Scheme Funding Boost, *Charter of Budget Honesty Act 1998* costing).

¹² Includes drawdown on funds from the Improving Educational Outcomes measure in the Education, Employment and Workplace Relations portfolio for the NBN: *Connecting Classrooms* commitment (refer to ALP018 Connecting Classrooms Fund, *Charter of Budget Honesty Act 1998* costing).

¹³ Includes drawdown on funds from existing research and planning capacity across Government for the *Establish a Future Navy Taskforce* commitment (refer to ALP030 Future Navy Taskforce, *Charter of Budget Honesty Act 1998* costing).

¹⁴ Includes drawdown on funds from the Department of Families, Housing, Community Services and Indigenous Affairs Program 3.1 and from the Economic Competitiveness Fund in the Prime Minister and Cabinet portfolio for the *Jobs, Training and Apprenticeship Guarantee – Jobs and Training Boards* commitment (refer to ALP059 Jobs and Training Boards, *Charter of Budget Honesty Act 1998* costing).

¹⁵ Includes drawdown on funds from the Department of Health and Ageing Outcome 8 for the *Upgrades for the Mutitjulu Health Clinic* commitment (refer to ALP009 Health Infrastructure at Mutitjulu, *Charter of Budget Honesty Act 1998* costing).

¹⁶ This election commitment does not impact the underlying cash or fiscal balances. It impacts the headline cash balance as the contribution to the Medical Research Innovation Fund will take the form of an equity injection, to be offset by a delay in equity funding for the *Building Australia Fund Project for Oonkjee Port*. This commitment is estimated to decrease the headline cash balance by \$6.0 million in 2014-15 and \$8.0 million in 2015-16 and to increase the headline cash balance by \$14.0 million in 2016-17.

¹⁷ Includes drawdown on funds from the Department of Families, Housing, Community Services and Indigenous Affairs Program 3.1 for the *Prince of Wales Hospital – contribution* commitment (refer to ALP073 Prince of Wales – Contribution, *Charter of Budget Honesty Act 1998* costing).

¹⁸ This election commitment includes a material financial impact outside the 2013-14 Budget forward estimates period.

¹⁹ Includes drawdown on funds from the Department of Families, Housing, Community Services and Indigenous Affairs Program 3.1 and the Improving Educational Outcomes measure and Building Stronger Communities Fund in the Education, Employment and Workplace Relations portfolio for the *Boosting Tools for your Trade* commitment (refer to ALP058 Tools for Your Trade, *Charter of Budget Honesty Act 1998* costing).

²⁰ The impact of this election commitment is different to the impact reported by the ALP in its list of election commitments (see Attachment C). The Parliamentary Budget Officer has been unable to identify sufficient uncommitted funding in 2013-14 to offset the cost of this commitment and has therefore reflected a financial impact in that year. As uncommitted funding is available in 2014-15, an offsetting impact is included in the following year.

²¹ Includes drawdown on funds from the Education Investment Fund in the Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio, the Building Stronger Communities Fund in the Education, Employment and Workplace Relations portfolio and the Economic Competitiveness Fund in the Prime Minister and Cabinet portfolio for the *Small Business Investment Boost* commitment (refer to ALP054 Small Business Investment Boost, *Charter of Budget Honesty Act 1998* costing).

Matters taken into account by the Parliamentary Budget Officer

In preparing the list of ALP election commitments to be included in this report, as required by subsection 64MA(6) of the Act, the Parliamentary Budget Officer has had regard to the lists of policies provided by the ALP under subsection 64MA(3) of the Act (see **Attachment C**) and public announcements made by the ALP before and during the caretaker period for the 2013 general election. On this basis, the Parliamentary Budget Officer is reasonably satisfied that the ALP election commitments that would have a material impact on the Commonwealth budget have been included in **table 2** in the report.

In accordance with section 64MAA of the Act, the Parliamentary Budget Officer has decided that all election commitments in **table 2** are publicly announced policies of the ALP which the party intended to seek to have implemented after the election, and a policy costing of these election commitments should be included in this report.

All of the election commitments included in **table 2** were on the list of election commitments provided by the Parliamentary Budget Officer to the ALP within three days of the end of the caretaker period (see **Attachment D**).

For all election commitments that were costed under the Charter, the Parliamentary Budget Officer has taken all reasonable steps to ensure the policy costing meets his best professional judgement prior to its inclusion in this report. Under subsection 64MB(7) of the Act, the Parliamentary Budget Officer is not prevented from preparing a new costing of an election commitment. This report includes new costing documentation prepared by the Parliamentary Budget Officer for the following ALP election commitment which was originally costed under the Charter.

- *Medical Research Innovation Fund* – The Parliamentary Budget Officer has prepared a costing to illustrate the headline cash balance impact of this election commitment.

Parliamentary Budget Officer's engagement with the Australian Labor Party

1. On 6 September 2013, the ALP provided a list of their election commitments to the Parliamentary Budget Officer, consistent with subsection 64MA(3) of the Act, which can be found at **Attachment C**.
2. On 20 September 2013, the Parliamentary Budget Officer provided the ALP with a list of those policies that in his best professional judgement would have a material effect on the budget. This can be found at **Attachment D**. The list provided by the Parliamentary Budget Officer was identical to the list provided by the ALP on 6 September 2013.
3. The ALP did not provide comments on the Parliamentary Budget Officer's list of ALP election commitments.
4. Prior to its public release on 18 October 2013, the Parliamentary Budget Officer provided the ALP with a copy of that part of this report setting out the costings of the ALP's election commitments and the total combined financial impact of those election commitments, consistent with subsection 64MC(2) of the Act. The ALP provided no comments.

Section 4: Coalition – election commitments

Summary of the Coalition’s election commitments

The Coalition’s total combined election commitments are estimated to increase the underlying cash balance by \$7.1 billion over the 2013-14 Budget forward estimates period. This reflects a net decrease in receipts of \$7.7 billion and a net decrease in payments of \$14.9 billion.

The Coalition’s total combined election commitments are estimated to increase the fiscal balance by \$9.3 billion over the 2013-14 Budget forward estimates period. This reflects a net decrease in revenue of \$12.3 billion and a net decrease in expenses of \$21.6 billion.

The Parliamentary Budget Officer’s final list of the Coalition’s election commitments, and their total combined financial impact on the Commonwealth budget estimates is provided in **table 3**.

Major contributions to the budget impact

The most significant contributor to the increases in budget balances is the removal of the Minerals Resources Rent Tax (MRRT) and associated spending measures. While the revenue forgone from removing the MRRT would be \$3.5 billion over the forward estimates, this is offset by abolishing associated spending measures, notably the Schoolkids Bonus and the increase to the instant asset write-off, and by returning unallocated funding in the Regional Infrastructure Fund to the budget. This results in a net increase of \$13.8 billion to the underlying cash balance and a net increase of \$15.5 billion to the fiscal balance. The difference between the underlying cash balance and fiscal balance amounts arises due to timing impacts of abolishing the mining tax supplementary allowance and the Schoolkids Bonus, re-phasing the Superannuation Guarantee (SG) increase and not proceeding with the low income superannuation contribution.

Other major contributions to the increases in the underlying cash and fiscal balances include the commitment to reduce the public service headcount by 12,000 through natural attrition, and the commitment to limit growth in foreign aid spending in line with inflation, which provide savings over the forward estimates of \$5.2 billion and \$4.5 billion respectively.

The Coalition’s package of *Border Protection Policies* contributes to an increase in the underlying cash and fiscal balances of \$985 million over the forward estimates. This reflects gross savings of \$1.4 billion from lower anticipated arrivals rates, and commitments to *withdraw taxpayer funded immigration assistance to illegal boat arrivals, increase offshore processing capacity and clear 30,000 border backlog*. These figures do not include any savings in 2014-15 and beyond associated with the previous Government’s policies for the processing and detention of irregular maritime arrivals on Nauru¹. These savings are partially offset by costs of \$441 million associated with a range of

¹ The Parliamentary Budget Officer notes statements by the former Government indicating that provision for the cost of operating the processing facilities on Nauru had been included in the contingency reserve (joint press conference by former Prime Minister, the Hon Kevin Rudd MP; President of Nauru, His Excellency Baron Waqa MP; and former Minister for Immigration, Multicultural Affairs and Citizenship, the Hon Tony Burke MP, on Saturday, 3 August 2013). As the PBO has been unable to verify the magnitude of that provision, the PBO has not included any savings from reduced costs of operating the Nauru RPC beyond 2013-14. Refer to attached costing document COA150 – *Regional Cooperation to Combat People Smuggling*. For further guidance on this issue please refer to *PBO guidance 05/2013: Possible Impact of Contingency Reserve on PBO Costings*.

initiatives under the Coalition's policy for *A Regional deterrence framework to combat people smuggling* and *Operation Sovereign Borders*.

The *Paid Parental Leave Scheme Package* also contributes to an increase in the underlying cash balance by \$805 million and an increase in the fiscal balance by \$835 million over the forward estimates. The gross cost of the package (\$9.9 billion on both an underlying cash and fiscal basis over the forward estimates) is largely offset by the 1.5 per cent levy on companies that would help fund this scheme, as well as the savings from the replacement of the previous Government's scheme and the existing Commonwealth and State public sector schemes.

These increases are substantially offset by Coalition commitments that decrease the underlying cash and fiscal balances, including the removal of the carbon tax. After taking into account the revenue impact as well as the removal of compensation and other associated carbon tax measures, the net budget impact of the removal of the carbon tax package is to decrease the underlying cash balance by \$7.3 billion and the fiscal balance by \$6.1 billion over the forward estimates. This difference arises primarily from the different cash and accrual accounting treatments of free carbon permits and of investments made by the Clean Energy Finance Corporation.

Other significant decreases to the underlying cash and fiscal balances over the forward estimates come from the reduction of the company tax rate to 28.5 per cent and the net impact of the Coalition's Infrastructure Package. These initiatives reduce the underlying cash and fiscal balances by \$4.9 billion and \$4.7 billion respectively over the forward estimates.

Variations from impacts announced by the Coalition

This report includes costings of Coalition election commitments that contain fiscal balance impacts that are different to figures announced publicly by the Coalition, including for abolishing the Schoolkids Bonus, introducing the new paid parental leave scheme, revenue forgone from the abolition of the MRRT and carbon tax² and enhancing border protection.

In the Parliamentary Budget Officer's costing the savings from abolishing the Schoolkids Bonus are \$659.4 million higher on a fiscal balance basis because it recognises that two payments will no longer be accrued in 2013-14 under the Coalition's policy to cancel payments from 1 January 2014 onwards. The Coalition recognised only one of these accrual savings in its costing.

For the paid parental leave scheme, the costing of the net impact in this report is a \$835 million increase to the fiscal balance, which is around \$268 million lower than the Coalition's estimate³. The difference arises because the Parliamentary Budget Officer's costing uses higher estimates of the incomes of secondary carers than previously provided to the Coalition. The impact of the higher estimates of incomes of secondary carers is partly offset by higher estimated savings from the removal of existing public service maternity leave schemes, due to the PBO using a higher overall growth rate assumption to derive the estimated future utilisation of these schemes under current policy.

² The costing in this report for the revenue forgone from the removal of the carbon tax is \$211 million higher than the Coalition's costing. However, this is largely offset by the report's higher estimate for the total savings from the removal of expenditure associated with the carbon tax. The difference in costing methodology consists of the use of different assumptions and parameter updates. For the carbon tax package as a whole, including both saving and revenue, the difference between the Parliamentary Budget Officer's costing and the Coalition's costing is minor.

³ This difference includes a \$100 million interaction impact between the Levy of 1.5% on company taxable income above \$5 million and the Company Tax rate cut to 28.5 per cent that the PBO included under 'Net effect of interactions between policy proposals'. The Coalition included this amount in the impact of the Levy of 1.5% on company taxable income above \$5 million.

The Parliamentary Budget Officer's costing for the revenue forgone from the removal of the MRRT is \$3.5 billion which is \$200 million lower than the Coalition's estimate. The Parliamentary Budget Officer's costing recognises that as the MRRT is paid quarterly, one quarter of each financial year's impact reflects mining activity from the previous financial year.

The Parliamentary Budget Officer's costings for the border protection policies package also differ from those released by the Coalition. The Parliamentary Budget Officer used the Department of Immigration and Border Protection's *Demand Driven Model* to estimate the cost of these policies. This model was not available to the Coalition. The Parliamentary Budget Officer's costing of the net impact of the Coalition's border protection policies is a \$984.6 million increase to the fiscal balance over the forward estimates; this is around \$284 million higher than the Coalition's estimate.

Interaction of election commitments

Several Coalition election commitments have interactions. Over the forward estimates, these interactions reduce the underlying cash balance by \$70 million and the fiscal balance by \$125 million and are included in the total combined impact of election commitments at the bottom of **table 3**.

The company tax cut and 1.5 per cent levy to fund paid parental leave interact with the discontinuation of measures associated with the mining tax package, including the instant asset write-off increase, the phase down of the interest withholding tax (IWT), and the abolition of the tax loss carry back and accelerated depreciation for motor vehicles. There are also interactions between the abolition of the low income super contribution, the re-phasing of the SG increase and paid parental leave.

Impacts on headline cash and net worth

The Coalition's total combined election commitments would increase the headline cash balance by \$15.1 billion over the forward estimates. This represents an increase of \$7.9 billion relative to the underlying cash balance impact, which reflects the reduction in loans and equity investments from abolishing the Clean Energy Finance Corporation of \$5.6 billion, reduced equity investments into NBN Co of \$4.2 billion, and the loans provided through *Better Apprentice Support* which requires additional financing of \$1.9 billion.

In addition, the commitment *Fair Indexation of Military Super* would decrease the Commonwealth's net worth by \$4.4 billion by 2016-17. This arises from a revaluation of the stock of unfunded future superannuation liabilities.

Longer term budget impacts

The overall impact of Coalition election commitments beyond 2016-17 will not necessarily reflect their impact on the underlying cash and fiscal balances over the forward estimates. This is the result of some commitments reaching their full impact outside the forward estimates and some having a limited impact beyond 2016-17.

The underlying cash balance impact of the commitment to change indexation arrangements for military superannuation⁴ occurs when (higher) pension payments are made and is significantly larger beyond the forward estimates, increasing from \$30 million in 2016-17 to peak at an estimated \$460 million in 2046-47⁵. The fiscal balance impact of this commitment will grow in line with the

⁴ The proposal is for pensions payable under the Defence Forces Retirement Benefit (DFRB) and Defence Force Retirement and Death Benefits (DFRDB) to be the same as the indexation method applying to the maximum basic rate of the Age Pension for superannuants aged 55 and over.

accruing superannuation entitlements of scheme members, before declining as these members reach retirement. The initiative will also continue to reduce the Government's net worth well beyond the forward estimates due to the continuing accumulation of superannuation liabilities and notional interest on accrued liabilities, with the reduction in net worth projected to peak at around \$7 billion in 2035-36⁵.

The saving from the proposal to pause the increase in the rate of the SG by two years from 1 July 2014 will continue to grow from \$875 million in 2016-17 to peak in 2019-20 at around \$1.15 billion, before falling sharply as the SG rate reaches 12 per cent in 2021-22, to be around \$80 million per annum from 2023-24.

The mature impact on the budget of both elements of the proposal to reduce the company tax rate to 28.5 per cent and impose a levy of 1.5 per cent on that part of company taxable income above \$5 million differs from the estimate in 2016-17, due to the timing of company tax payments. Cutting the company tax rate to 28.5 per cent is estimated to have a mature cost in the order of \$3.7 billion in 2018-19 (\$4.2 billion in 2016-17) and the company levy is estimated to have a mature saving in the order of \$3.3 billion in 2018-19 (\$3.7 billion in 2016-17). The annual estimates for both proposals will grow in line with the underlying growth in the company tax base from 2018-19.

The proposed abolition of the carbon pricing mechanism and the MRRT will continue to result in reduced revenue beyond the forward estimates, although these taxes are likely to be highly volatile and the amount of revenue forgone is very difficult to estimate. Pre-Election Economic and Fiscal Outlook 2013 notes that "the carbon price path to 2020 is subject to considerable uncertainty", while MRRT estimates are highly sensitive to the assumptions regarding production volumes, capital deductions, commodity prices and the exchange rate.

Costing documentation

In cases where the Coalition has advised that the funding or funding reductions associated with a Coalition election commitment is a fixed amount, costing documentation for these election commitments is not included in this report. The same approach has been adopted in relation to election commitments which the Coalition has indicated would be implemented within existing resources and therefore have a zero financial impact over the forward estimates. For these election commitments, the Parliamentary Budget Officer has made an assessment and satisfied himself that funding is available for these commitments.

Costing documentation for all election commitments for which funding is not based on fixed amounts can be found at **Attachment E**.

⁵ Considerable uncertainty is attached to long-term projections and should therefore be treated as broadly indicative only.

Table 3: Coalition – financial impact of election commitments

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
1.0 REMOVAL OF CARBON TAX PACKAGE												
<i>REMOVAL OF ASSOCIATED EXPENDITURE</i>												
COA001	1.1 Discontinue business compensation measures	The Coalition's responsible budget savings	-	380.0	340.0	290.0	1,010.0	-	1,060.0	1,750.0	2,480.0	5,290.0
COA002	1.2 Discontinue energy market compensation measures	The Coalition's responsible budget savings	-	2.0	-3.0	-12.0	-13.0	-	507.0	-13.0	-18.0	476.0
COA003	1.3 Discontinue land initiatives and unnecessary bureaucracies	The Coalition's responsible budget savings	20.0	125.0	90.0	65.0	300.0	20.0	125.0	90.0	65.0	300.0
COA004	1.4 Abolish other carbon tax measures no longer needed ¹	The Coalition's responsible budget savings	5.0	330.0	285.0	155.0	775.0	175.0	610.0	515.0	285.0	1,585.0
<i>Total Savings From Removal of Associated Expenditure</i>												
COA005	1.5 Foregone Revenue From Removal of Carbon Tax	The Coalition's Policy to Scrap the Carbon Tax and Reduce the Cost of Living	25.0	837.0	712.0	498.0	2,072.0	195.0	2,302.0	2,342.0	2,812.0	7,651.0
			-410.0	-1,170.0	-3,130.0	-4,660.0	-9,370.0	-	-2,230.0	-4,640.0	-6,860.0	-13,730.0
Net Budget Impact - Carbon Tax Package			-385.0	-333.0	-2,418.0	-4,162.0	-7,298.0	195.0	72.0	-2,298.0	-4,048.0	-6,079.0
2.0 REMOVAL OF MINING TAX PACKAGE												
<i>REMOVAL OF ASSOCIATED EXPENDITURE</i>												
COA006	2.1 Re-phase Superannuation Guarantee increase	The Coalition's responsible budget savings	-	160.0	555.0	860.0	1,575.0	-	175.0	590.0	875.0	1,640.0
COA007	2.2 Not proceed with low income super contribution	The Coalition's responsible budget savings	-	900.2	928.0	920.7	2,748.9	960.6	932.9	921.4	907.1	3,722.0
			146.0	324.6	312.6	322.7	1,105.9	146.3	324.6	312.6	322.7	1,106.2
			661.7	1,303.4	1,326.8	1,346.8	4,638.7	1,290.6	1,316.0	1,338.0	1,355.8	5,300.4
COA010	2.5 Discontinue instant asset write-off increase	The Coalition's responsible budget savings	-	850.0	1,065.0	990.0	2,905.0	-	850.0	1,065.0	990.0	2,905.0
COA011	2.6 Discontinue phase-down of interest withholding tax	The Coalition's responsible budget savings	-	80.0	160.0	165.0	405.0	-	80.0	160.0	165.0	405.0
COA012	2.7 Discontinue tax loss carry back	The Coalition's responsible budget savings	-	350.0	300.0	300.0	950.0	-	350.0	300.0	300.0	950.0
COA013	2.8 Discontinue accelerated depreciation for motor vehicles	The Coalition's responsible budget savings	-	155.0	155.0	115.0	425.0	-	155.0	155.0	115.0	425.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
COA014	2.9 Reduce administrative and other expenses from scrapping the MRRRT package	The Coalition's responsible budget savings	4.0	26.3	30.0	30.0	90.3	4.0	26.3	30.0	30.0	90.3
	2.10 Regional Infrastructure Fund ²	The Coalition's responsible budget savings	126.0	920.0	663.0	776.0	2,485.0	126.0	920.0	663.0	776.0	2,485.0
	<i>Total Savings From Removal of Associated Expenditure</i>		937.7	5,069.5	5,495.4	5,826.2	17,328.8	2,527.5	5,129.8	5,535.0	5,836.6	19,028.9
COA016	2.11 Foregone Revenue From Removal of Mining Tax	The Coalition's responsible budget savings	-	-600.0	-1,100.0	-1,800.0	-3,500.0	-	-600.0	-1,100.0	-1,800.0	-3,500.0
	Net Budget Impact - Mining Tax Package		937.7	4,469.5	4,395.4	4,026.2	13,828.8	2,527.5	4,529.8	4,435.0	4,036.6	15,528.9
3.0 COALITION'S PAID PARENTAL LEAVE SCHEME PACKAGE												
COA017	3.1 Gross cost of the Coalition PPL ^{4,5}	The Coalition's Policy for Paid Parental Leave	-	-10.0	-4,175.0	-5,685.0	-9,870.0	-	-10.0	-4,175.0	-5,685.0	-9,870.0
	<i>Less:</i>											
COA017	3.2 Existing Government scheme ⁵	Fiscal Budget Impact of Federal Coalition Policies	-	-	1,670.0	2,000.0	3,670.0	-	-	1,670.0	2,000.0	3,670.0
COA017	3.3 Existing Commonwealth and State Public Sector schemes ^{5,6}	Fiscal Budget Impact of Federal Coalition Policies	-	-	625.0	750.0	1,375.0	-	-	625.0	750.0	1,375.0
COA017	3.4 Automatic adjustments to Government spending and revenue ^{4,5,6}	Fiscal Budget Impact of Federal Coalition Policies	-	-	540.0	790.0	1,330.0	-	-	560.0	800.0	1,360.0
	<i>Remaining Cost</i>											
COA021	3.5 Levy of 1.5% on company taxable income above \$5 million ⁷	Fiscal Budget Impact of Federal Coalition Policies	-	-10.0	-1,340.0	-2,145.0	-3,495.0	-	-10.0	-1,320.0	-2,135.0	-3,465.0
	Net Budget Impact - Coalition's Paid Parental Leave Scheme Package		0.0	290.0	-1,040.0	1,555.0	805.0	0.0	290.0	-1,020.0	1,565.0	835.0
4.0 COALITION'S INFRASTRUCTURE PACKAGE²												
	4.1 The Coalition's Plan to Reduce Traffic Congestion: East-West Link	Fiscal Budget Impact of Federal Coalition Policies	-500.0	-600.0	-400.0	-	-1,500.0	-500.0	-600.0	-400.0	-	-1,500.0
	4.2 The Coalition's Plan to Reduce Traffic Congestion: WestConnex Sydney	Fiscal Budget Impact of Federal Coalition Policies	-250.0	-600.0	-650.0	-	-1,500.0	-250.0	-600.0	-650.0	-	-1,500.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
4.3	The Coalition's Plan to Reduce Traffic Congestion: Gateway Brisbane	Fiscal Budget Impact of Federal Coalition Policies	-250.0	-350.0	-400.0	-	-1,000.0	-250.0	-350.0	-400.0	-	-1,000.0
4.4	Toowoomba Range Crossing	Fiscal Budget Impact of Federal Coalition Policies	-	-	-50.0	-80.0	-130.0	-	-	-50.0	-80.0	-130.0
4.5	Pacific Highway	Leader of the Opposition Budget Reply	-1,022.8	-625.0	-770.0	-145.0	-2,562.8	-1,022.8	-625.0	-770.0	-145.0	-2,562.8
4.6	North-South Road Adelaide	The Coalition's Policy to Support the Continued Upgrade of Adelaide's North-South Road Corridor	-20.0	-100.0	-80.0	-100.0	-300.0	-20.0	-100.0	-80.0	-100.0	-300.0
4.7	Perth Airport Gateway	The Coalition's Policy to Build the Swan Valley Bypass and Perth Gateway	-136.0	-300.0	-122.5	-63.5	-622.0	-136.0	-300.0	-122.5	-63.5	-622.0
4.8	Swan Valley Bypass	The Coalition's Policy to Build the Swan Valley Bypass and Perth Gateway	-	-	-40.0	-160.0	-200.0	-	-	-40.0	-160.0	-200.0
4.9	Bruce Highway	The Coalition's Policy to Fix the Bruce Hwy	-521.0	-648.0	-481.0	-442.0	-2,092.0	-521.0	-648.0	-481.0	-442.0	-2,092.0
4.10	Sydney F3 to M2 link	The Coalition's Growth Plan for the Central Coast	-5.0	-150.0	-75.0	-25.0	-255.0	-5.0	-150.0	-75.0	-25.0	-255.0
4.11	Midland Highway	Fiscal Budget Impact of Federal Coalition Policies	-	-40.0	-40.0	-40.0	-120.0	-	-40.0	-40.0	-40.0	-120.0
4.12	Warrego Highway	Fiscal Budget Impact of Federal Coalition Policies	-	-50.0	-50.0	-100.0	-200.0	-	-50.0	-50.0	-100.0	-200.0
4.13	Melbourne-Brisbane Railway	Inland Rail The Future of Freight	-	-50.0	-50.0	-80.0	-180.0	-	-50.0	-50.0	-80.0	-180.0
4.14	Princes Highway duplication	Fiscal Budget Impact of Federal Coalition Policies	-	-97.8	-119.8	-39.8	-257.5	-	-97.8	-119.8	-39.8	-257.5
4.15	Ipswich Motorway - Darra Rocklea	Fiscal Budget Impact of Federal Coalition Policies	-	-20.0	-20.0	-25.0	-65.0	-	-20.0	-20.0	-25.0	-65.0
4.16	Tiger Brennan Drive widening	Fiscal Budget Impact of Federal Coalition Policies	-5.0	-20.0	-25.0	-20.0	-70.0	-5.0	-20.0	-25.0	-20.0	-70.0
4.17	Great Ocean Road	The Coalition's policy to Upgrade the Great Ocean Road	-15.0	-	-5.0	-5.0	-25.0	-15.0	-	-5.0	-5.0	-25.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
4.18	Ravenswood interchange	Fiscal Budget Impact of Federal Coalition Policies	-45.0	-	-	-	-45.0	-45.0	-	-	-	-45.0
4.19	Condah-Hotspur Road	Fiscal Budget Impact of Federal Coalition Policies	-3.0	-	-	-	-3.0	-3.0	-	-	-	-3.0
4.20	Princes Highway East	Fiscal Budget Impact of Federal Coalition Policies	-5.0	-	-	-	-5.0	-5.0	-	-	-	-5.0
4.21	Mt Barker interchange	Fiscal Budget Impact of Federal Coalition Policies	-	-	-4.0	-4.0	-8.0	-	-	-4.0	-4.0	-8.0
4.22	Outback Way	Fiscal Budget Impact of Federal Coalition Policies	-	-11.0	-11.0	-11.0	-33.0	-	-11.0	-11.0	-11.0	-33.0
4.23	Kin Kora roundabout	Fiscal Budget Impact of Federal Coalition Policies	-	-13.0	-	-	-13.0	-	-	-	-	-13.0
4.24	Shoalhaven River Bridge planning	Fiscal Budget Impact of Federal Coalition Policies	-	-5.0	-5.0	-	-10.0	-	-	-5.0	-	-10.0
4.25	Jane Street extension	Fiscal Budget Impact of Federal Coalition Policies	-	-5.0	-5.0	-10.0	-20.0	-	-5.0	-5.0	-10.0	-20.0
4.26	Narellan Road	Coalition to invest \$53m in Narellan Road upgrade Joe Hockey	-	-22.0	-9.0	-9.0	-40.0	-	-22.0	-9.0	-9.0	-40.0
4.27	Moree Bypass stage 2	Fiscal Budget Impact of Federal Coalition Policies	-	-5.0	-5.0	-5.0	-15.0	-	-5.0	-5.0	-5.0	-15.0
4.28	Dalrymple Road	The Coalition's Commitment to upgrade Dalrymple Road	-	-5.0	-10.0	-5.0	-20.0	-	-5.0	-10.0	-5.0	-20.0
4.29	D'Aguiar Highway	Fiscal Budget Impact of Federal Coalition Policies	-	-5.0	-5.0	-6.0	-16.0	-	-5.0	-5.0	-6.0	-16.0
4.30	Local Road Projects (27 projects)	Fiscal Budget Impact of Federal Coalition Policies	-	-26.0	-	-	-26.0	-	-26.0	-	-	-26.0
4.31	Bridges renewal programme	Fiscal Budget Impact of Federal Coalition Policies	-	-60.0	-60.0	-60.0	-180.0	-	-60.0	-60.0	-60.0	-180.0
<i>Total Coalition Infrastructure Commitments</i>			-2,777.8	-3,807.8	-3,492.3	-1,435.3	-11,513.3	-2,777.8	-3,807.8	-3,492.3	-1,435.3	-11,513.3
<i>Less:</i>												
4.32	Existing Funding Allocated from the Nation Building Program	Fiscal Budget Impact of Federal Coalition Policies	1,685.0	1,571.0	1,571.0	1,306.0	6,133.0	1,685.0	1,571.0	1,571.0	1,306.0	6,133.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	4.33 Do not proceed with Melbourne metro rail	Fiscal Budget Impact of Federal Coalition Policies	-	-	25.0	50.0	75.0	-	-	25.0	50.0	75.0
	4.34 Do not proceed with Cross river rail	Fiscal Budget Impact of Federal Coalition Policies	40.0	272.0	45.0	96.0	453.0	40.0	272.0	45.0	96.0	453.0
	4.35 Do not proceed with Perth urban rail public transport	Fiscal Budget Impact of Federal Coalition Policies	-	25.0	25.0	50.0	100.0	-	25.0	25.0	50.0	100.0
	4.36 Do not proceed with Tonsley park public rail transport project	Fiscal Budget Impact of Federal Coalition Policies	-	15.1	16.4	-	31.5	-	15.1	16.4	-	31.5
	4.37 Do not proceed with Airport rail - planning	Fiscal Budget Impact of Federal Coalition Policies	3.0	-	-	-	3.0	3.0	-	-	-	3.0
	4.38 Do not proceed with Mulgrave River bridge	Fiscal Budget Impact of Federal Coalition Policies	40.0	-	-	-	40.0	40.0	-	-	-	40.0
	Net Budget Impact - Coalition's Infrastructure Package		-1,009.8	-1,924.7	-1,809.9	66.7	-4,677.8	-1,009.8	-1,924.7	-1,809.9	66.7	-4,677.8
5.0 COALITION'S HEALTH POLICIES												
<i>STRENGTHENING GENERAL PRACTICE</i>												
COA022	5.1 Doubling practice incentive payments for General Practice teaching	The Coalition's Policy to Support Australia's Health System	-	-21.8	-46.9	-50.2	-119.0	-	-21.8	-46.9	-50.2	-119.0
	5.2 Investing in rural and regional teaching infrastructure ²	The Coalition's Policy to Support Australia's Health System	-	-29.8	-14.8	-7.8	-52.5	-	-29.8	-14.8	-7.8	-52.5
	5.3 Investing in the nursing and allied health workforce ²	The Coalition's Policy to Support Australia's Health System	-	-3.1	-5.1	-5.1	-13.4	-	-3.1	-5.1	-5.1	-13.4
COA023	5.4 Investing in medical internships	The Coalition's Policy to Support Australia's Health System	-5.5	-11.2	-11.4	-11.6	-39.7	-5.5	-11.2	-11.4	-11.6	-39.7
	5.5 Apply unallocated funds for health workforce development ²	The Coalition's Policy to Support Australia's Health System	-	43.0	52.0	60.0	155.0	-	43.0	52.0	60.0	155.0
	<i>Net Additional Funding to Strengthening General Practice BOOST FRONTLINE HEALTHCARE AND RESEARCH</i>		-5.5	-23.0	-26.3	-14.8	-69.6	-5.5	-23.0	-26.3	-14.8	-69.6
COA025	5.6 Full implementation and expansion of bowel cancer screening	The Coalition's Policy to Support Australia's Health System	-	-	-7.0	-39.4	-46.3	-	-	-7.0	-39.4	-46.3

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	5.7 Type 1 Juvenile Diabetes research commitment ²	The Coalition's Policy to Support Australia's Health System	-7.0	-7.0	-7.0	-7.0	-28.0	-7.0	-7.0	-7.0	-7.0	-28.0
	5.8 James Cook University Institute for Tropical Health ²	The Coalition's Policy to Support Australia's Health System	-15.0	-21.0	-3.0	-3.0	-42.0	-15.0	-21.0	-3.0	-3.0	-42.0
	5.9 The Coalition's policy for Dementia research ²	The Coalition's Policy to Support Australia's Health System	-	-40.0	-40.0	-40.0	-120.0	-	-40.0	-40.0	-40.0	-120.0
	5.10 Funding from reprioritising Australian Research Council spending ²	The Coalition's Policy to Support Australia's Health System	15.8	30.8	28.8	27.8	103.0	15.8	30.8	28.8	27.8	103.0
	<i>Net Additional Funding to Boost Frontline Healthcare and Research</i>											
	5.11 The Coalition's policy to index the Commonwealth Seniors Health Card	The Coalition's Policy to index the Commonwealth Seniors Health Card	-6.2	-37.2	-28.2	-61.6	-133.3	-6.2	-37.2	-28.2	-61.6	-133.3
	5.12 National Centre of Excellence in Youth Mental Health ²	The Coalition's Policy to Efficient Mental Health Research and Services	-0.5	-14.2	-33.4	-53.7	-101.8	-0.5	-14.2	-33.4	-53.7	-101.8
	5.13 An easily accessible, fully integrated e-Mental Health System ²	The Coalition's Policy for Efficient Mental Health Research and Services	-2.7	-1.7	-0.7	0.0	-5.0	-2.7	-1.7	-0.7	0.0	-5.0
	5.14 Peter's Project (cancer care centre) ²	Peter Dutton \$10m for an Integrated Cancer Care Centre	-10.0	-	-	-	-10.0	-10.0	-	-	-	-10.0
	5.15 Bear Cottage (children's palliative care) ²	Fiscal Budget Impact of Federal Coalition Policies	-2.0	-	-	-	-2.0	-2.0	-	-	-	-2.0
	5.16 Ballina Hospital ²	Fiscal Budget Impact of Federal Coalition Policies	-5.0	-	-	-	-5.0	-5.0	-	-	-	-5.0
	5.17 Albury-Wodonga Cardiac Catheterisation Laboratory ²	Fiscal Budget Impact of Federal Coalition Policies	-5.0	-	-	-	-5.0	-5.0	-	-	-	-5.0
	Net Budget Impact - Health Policies		-36.9	-80.0	-92.5	-135.1	-344.7	-36.9	-80.0	-92.5	-135.1	-344.7
	6.0 COALITION'S EDUCATION POLICIES											
	6.1 Discontinue development of an Australian Baccalaureate ²	Fiscal Budget Impact of Federal Coalition Policies	-	-	2.7	2.7	5.4	-	-	2.7	2.7	5.4

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
6.2	Reduce additional funding for Australian Curriculum, Assessment and Reporting Authority (ACARA) ⁸	Fiscal Budget Impact of Federal Coalition Policies	7.0	6.0	6.0	-	19.0	7.0	6.0	6.0	-	19.0
6.3	Redirect Better Schools - Secure Schools additional funding ⁹	Fiscal Budget Impact of Federal Coalition Policies	10.0	-	-	-	10.0	10.0	-	-	-	10.0
6.4	The Coalition's Policy for Schools ²											
	Safe and secure schools	The Coalition's Policy for Schools: Students First	-	-6.0	-6.0	-6.0	-18.0	-	-6.0	-6.0	-6.0	-18.0
	Independent Public Schools Fund	The Coalition's Policy for Schools: Students First	-10.0	-20.0	-20.0	-20.0	-70.0	-10.0	-20.0	-20.0	-20.0	-70.0
	Flexible literacy learning for remote primary schools	The Coalition's Policy for Schools: Students First	-4.0	-6.0	-6.0	-6.0	-22.0	-4.0	-6.0	-6.0	-6.0	-22.0
	Online language learning for pre-school children - trial	The Coalition's Policy for Schools: Students First	-	-5.0	-5.0	-	-10.0	-	-5.0	-5.0	-	-10.0
COA032	The Coalition's policy for Better Apprentice Support ¹⁰	The Coalition's Policy for Better Support of Australian Apprentices	-5.0	-1.8	-13.7	-36.8	-57.3	-5.0	-8.7	-33.9	-37.7	-85.3
6.6	A New Colombo Plan ²	Fiscal Budget Impact of Federal Coalition Policies	-7.8	-12.8	-19.8	-19.8	-60.0	-7.8	-12.8	-19.8	-19.8	-60.0
6.7	The Coalition's Policy for Better Child Care and Early Learning ²	The Coalition's Policy for Better Child Care and Early Learning	-2.0	-3.1	-3.1	-3.2	-11.4	-2.0	-3.1	-3.1	-3.2	-11.4
Net Budget Impact - Education Policies			-11.8	-48.7	-64.9	-89.1	-214.3	-11.8	-55.6	-85.1	-90.0	-242.3
7.0 OTHER COALITION POLICY COMMITMENTS												
AGRICULTURE, FORESTRY AND FISHERIES												
7.1	The Coalition's Policy for a Competitive Agriculture Sector ²											
	Boost funding to rural research and development corporations	The Coalition's Policy for a Competitive Agricultural Sector	-	-25.0	-25.0	-25.0	-75.0	-	-25.0	-25.0	-25.0	-75.0
	Better market access for small exporters	The Coalition's Policy for a Competitive Agricultural Sector	-	-3.8	-3.8	-3.8	-11.3	-	-3.8	-3.8	-3.8	-11.3

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Stronger biosecurity and quarantine	The Coalition's Policy for a Competitive Agricultural Sector	-8.0	-4.0	-4.0	-4.0	-20.0	-8.0	-4.0	-4.0	-4.0	-20.0
	Assist native title respondents with costs	The Coalition's Policy for a Competitive Agricultural Sector	-1.1	-1.1	-	-	-2.2	-1.1	-1.1	-	-	-2.2
	Improve minor use chemical registration	The Coalition's Policy for a Competitive Agricultural Sector	-	-2.0	-2.0	-2.0	-6.0	-	-2.0	-2.0	-2.0	-6.0
	Agriculture in education	The Coalition's Policy for a Competitive Agricultural Sector	-1.0	-1.0	-	-	-2.0	-1.0	-1.0	-	-	-2.0
	7.2 The Coalition's Policy for Fisheries ²	The Coalition's Policy for a More Competitive and Sustainable Fisheries Sector	-3.0	-2.0	-2.0	-2.0	-9.0	-3.0	-2.0	-2.0	-2.0	-9.0
	7.3 The Coalition's Policy for a Strong and Sustainable Forestry Industry ²	The Coalition's Policy for a Strong and Sustainable Forestry Industry	-	-5.0	-5.0	-5.0	-15.0	-	-5.0	-5.0	-5.0	-15.0
	<i>Net Spending - Agriculture, Forestry and Fisheries</i>		-13.1	-43.9	-41.8	-41.8	-140.5	-13.1	-43.9	-41.8	-41.8	-140.5
	<i>CRIME AND TERRORISM</i>											
	7.4 Supporting Australian victims of terrorism overseas ⁵	Fiscal Budget Impact of Federal Coalition Policies	-30.0	-	-	-	-30.0	-30.0	-	-	-	-30.0
	7.5 The Coalition's Policy to Tackle Crime											
COA064	Safer Streets - Protecting Communities from Crime ¹¹	The Coalition's Policy to Tackle Crime	-	-20.0	-15.0	-15.0	-50.0	-	-20.0	-15.0	-15.0	-50.0
	Restore and further boost Customs funding for cargo inspections ²	The Coalition's Policy to Tackle Crime	-13.0	-25.0	-25.0	-25.0	-88.0	-13.0	-25.0	-25.0	-25.0	-88.0
	<i>Net Spending - Crime and Terrorism</i>		-43.0	-45.0	-40.0	-40.0	-168.0	-43.0	-45.0	-40.0	-40.0	-168.0
	<i>ENVIRONMENT</i>											
	7.6 The Coalition's Plan for a Cleaner Environment ²											
	Emissions Reduction Fund	The Coalition's Direct Action Plan	-	-300.0	-500.0	-750.0	-1,550.0	-	-300.0	-500.0	-750.0	-1,550.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Green Army	The Coalition's Policy for a Green Army	-0.8	-46.8	-95.8	-156.8	-300.0	-0.8	-46.8	-95.8	-156.8	-300.0
	Other Environment Policies	Fiscal Budget Impact of Federal Coalition Policies	-	-71.0	-65.0	-27.0	-163.0	-	-71.0	-65.0	-27.0	-163.0
	Net Spending - Environment		-0.8	-417.8	-660.8	-933.8	-2,013.0	-0.8	-417.8	-660.8	-933.8	-2,013.0
	COALITION'S PLAN TO GROW TASMANIA											
	7.7 The Coalition's Plan to Grow Tasmania ²	The Coalition's Economic Growth Plan for Tasmania	-1.8	-31.8	-30.8	-9.8	-74.0	-1.8	-31.8	-30.8	-9.8	-74.0
	Net Spending - Coalition's Plan to Grow Tasmania		-1.8	-31.8	-30.8	-9.8	-74.0	-1.8	-31.8	-30.8	-9.8	-74.0
	BUILDING STRONGER COMMUNITIES AND REGIONS											
	7.8 National Stronger Regions Fund ²	Coalition announces National Stronger Regions Fund	-	-	-200.0	-200.0	-400.0	-	-	-200.0	-200.0	-400.0
COA040	7.9 Community Development Grants programme ¹²	Fiscal Budget Impact of Federal Coalition Policies	-2.0	-160.0	-160.0	-20.0	-342.0	-2.0	-160.0	-160.0	-20.0	-342.0
COA040	Redirect Building Better Regional Cities programme ¹³	Fiscal Budget Impact of Federal Coalition Policies	1.2	-	-	-	1.2	-	-	-	-	1.2
	7.10 Mobile Blackspot programme ²	Fiscal Budget Impact of Federal Coalition Policies	-	-25.0	-25.0	-25.0	-75.0	-	-25.0	-25.0	-25.0	-75.0
	Net Spending - Building Stronger Communities and Regions		-0.8	-185.0	-385.0	-245.0	-815.8	-0.8	-185.0	-385.0	-245.0	-815.8
	EMPLOYMENT POLICIES											
	7.11 Restore and further boost the ABCC - additional funding on top of redirected Fair Work Building Inspectorate funding ²	The Coalition's Policy to Improve the Fair Work Laws	-5.3	-10.3	-10.3	-10.3	-36.0	-5.3	-10.3	-10.3	-10.3	-36.0
	7.12 Employment Participation Plan											
	Indigenous employment (Australian Employment Covenant - funding of four trial sites) ²	Statement on Closing the Gap	-20.0	-25.0	-	-	-45.0	-20.0	-25.0	-	-	-45.0
COA042	Incentives to employers to employ over 50s ¹⁴	The Coalition's Policy to Create Jobs by Boosting Productivity	-	-18.3	-72.4	-74.9	-165.6	-	-18.3	-72.4	-74.9	-165.6

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
COA043	Jobseeker relocation allowance and job commitment bonus for young people	The Coalition's Policy to Increase Employment Participation	-0.5	-4.8	-20.9	-48.3	-74.5	-0.5	-4.8	-20.9	-48.3	-74.5
	Redirect Mature Age Participation (job seeker assistance) ²	Fiscal Budget Impact of Federal Coalition Policies	2.5	7.5	-	-	10.0	2.5	7.5	-	-	10.0
	<i>Net Spending - Employment Policies</i>		-23.3	-50.9	-103.6	-133.5	-311.1	-23.3	-50.9	-103.6	-133.5	-311.1
	<i>BORDER PROTECTION POLICIES</i>											
	<i>THE COALITION'S PLAN FOR MORE SECURE BORDERS</i>											
COA149	7.13 Operation Sovereign Borders Joint Agency Taskforce (OSBJAT)	The Coalition's Operation Sovereign Borders Policy	-5.5	-1.5	-1.5	-1.5	-10.0	-5.5	-1.5	-1.5	-1.5	-10.0
COA045	7.14 Clear 30,000 Border Backlog	The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog	-34.2	54.6	28.5	-9.2	39.8	-34.2	54.6	28.5	-9.2	39.8
COA150	7.15 Regional Co-operation to Combat People Smuggling											
	Improve regional intelligence and joint policing operations	A Regional deterrence framework to combat people smuggling	-14.8	-17.4	-17.4	-17.4	-67.0	-14.8	-17.4	-17.4	-17.4	-67.0
	Engage with local communities in Indonesia	A Regional deterrence framework to combat people smuggling	-6.8	-6.2	-3.4	-3.4	-19.8	-6.8	-6.2	-3.4	-3.4	-19.8
	Tighten regional border controls and improve identity management	A Regional deterrence framework to combat people smuggling	-20.0	-6.5	-5.5	-5.5	-37.5	-20.0	-6.5	-5.5	-5.5	-37.5
	Appoint special envoy for Operation Sovereign Borders	A Regional deterrence framework to combat people smuggling	-0.4	-0.5	-0.2	-	-1.1	-0.4	-0.5	-0.2	-	-1.1
	Enhanced air surveillance ⁹	A Regional deterrence framework to combat people smuggling	-4.0	-6.0	-3.0	-3.0	-16.0	-4.0	-6.0	-3.0	-3.0	-16.0
	Enhanced search and rescue capacity ⁹	A Regional deterrence framework to combat people smuggling	-22.9	-34.3	-17.2	-17.2	-91.5	-22.9	-34.3	-17.2	-17.2	-91.5
	Interception and transfer of asylum seekers	A Regional deterrence framework to combat people smuggling	-68.9	-88.7	-26.5	-14.1	-198.3	-68.9	-88.7	-26.5	-14.1	-198.3

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Increasing offshore processing capacity ¹⁵	A Regional deterrence framework to combat people smuggling	-243.6	6.0	134.6	176.9	73.9	-243.6	6.0	134.6	176.9	73.9
COA046	7.16 Border security - withdraw taxpayer funded immigration assistance to illegal boat arrivals	Fiscal Budget Impact of Federal Coalition Policies	28.0	35.0	20.0	17.0	100.0	28.0	35.0	20.0	17.0	100.0
COA047	7.17 Border security - dividend from stopping the boats	Fiscal Budget Impact of Federal Coalition Policies	294.3	283.5	281.2	353.0	1,212.0	294.3	283.5	281.2	353.0	1,212.0
	<i>Net Spending - Border Protection Policies</i>		-98.8	217.9	389.6	475.7	984.6	-98.8	217.9	389.6	475.7	984.6
	<i>COALITION'S PLAN FOR THE AUTOMOTIVE INDUSTRY</i>											
COA048	7.18 Reverse change to FBT arrangements for cars	Fiscal Budget Impact of Federal Coalition Policies	-75.0	-330.9	-617.2	-771.8	-1,794.9	-75.0	-330.9	-617.2	-771.8	-1,794.9
	<i>Net Spending - Coalition's Plan for the Automotive Industry</i>		-75.0	-330.9	-617.2	-771.8	-1,794.9	-75.0	-330.9	-617.2	-771.8	-1,794.9
	<i>COALITION'S PLAN FOR MANUFACTURING</i>											
	7.19 The Coalition's Plan to Boost Australian Manufacturing ²											
	Export Market Development Grants	The Coalition's Policy to Boost the Competitiveness of Australian Manufacturing	-12.5	-12.5	-12.5	-12.5	-50.0	-12.5	-12.5	-12.5	-12.5	-50.0
	Manufacturing Transition Grants Programme	The Coalition's Policy to Boost the Competitiveness of Australian Manufacturing	-	-25.0	-25.0	-	-50.0	-	-25.0	-25.0	-	-50.0
	<i>Net Spending - Coalition's Plan for Manufacturing</i>		-12.5	-37.5	-37.5	-12.5	-100.0	-12.5	-37.5	-37.5	-12.5	-100.0
	<i>TRANSPORT POLICIES</i>											
	7.20 Improve road safety - support for Keys2Drive ²	The Coalition's Policy to Improve Road Safety	-1.0	-3.0	-3.0	-3.0	-10.0	-1.0	-3.0	-3.0	-3.0	-10.0
	7.21 The Coalition's Plan for Aviation ²	The Coalition's Policy for Aviation	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-1.0	-1.0	-4.0
	En route rebate scheme	The Coalition's Policy for Aviation	-1.0	-	-	-	-1.0	-1.0	-	-	-	-1.0
	Inquiry into best practice aviation	The Coalition's Policy for Aviation	-1.0	-	-	-	-1.0	-1.0	-	-	-	-1.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Expansion of CASA board	The Coalition's Policy for Aviation	-	-0.3	-0.3	-0.3	-0.9	-	-0.3	-0.3	-0.3	-0.9
	Net Spending - Transport Policies		-3.0	-4.3	-4.3	-4.3	-15.9	-3.0	-4.3	-4.3	-4.3	-15.9
	RESOURCES AND ENERGY											
	7.22 Exploration development incentive ²	The Coalition's Policy for Resources and Energy	-	-25.0	-35.0	-40.0	-100.0	-	-25.0	-35.0	-40.0	-100.0
	Net Spending - Resources and Energy		0.0	-25.0	-35.0	-40.0	-100.0	0.0	-25.0	-35.0	-40.0	-100.0
	SUPPORTING BUSINESS											
COA021	7.23 Company Tax rate cut to 28.5 per cent ¹⁶	The Coalition's Policy to Lower company tax	-	-400.0	-300.0	-4,200.0	-4,900.0	-	-400.0	-300.0	-4,200.0	-4,900.0
	7.24 Other Small Business Measures ²	Fiscal Budget Impact of Federal Coalition Policies	-1.1	-3.3	-3.1	-3.1	-10.5	-1.1	-3.3	-3.1	-3.1	-10.5
	Net Spending - Supporting Business		-1.1	-403.3	-303.1	-4,203.1	-4,910.5	-1.1	-403.3	-303.1	-4,203.1	-4,910.5
	Defence and Veterans' affairs											
COA051	7.25 The Coalition's policy for fair indexation of Military Super ¹⁷	The Coalition's Policy for Fair indexation of Military Superannuation	-	-8.0	-19.7	-30.4	-58.1	-	-249.0	-260.7	-270.4	-780.1
COA162	7.26 Re-build ADF Gap Year programme	The Coalition's Policy for Stronger Defence	-	-18.3	-37.5	-57.5	-113.3	-	-18.3	-37.5	-57.5	-113.3
	7.27 Restore Veterans' advocacy funding ²	The Coalition's Policy for Veterans and Their Families	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-1.0	-1.0	-4.0
	7.28 Centenary of ANZAC funding ²	The Coalition's Policy for Veterans and Their Families	-4.0	-	-	-	-4.0	-4.0	-	-	-	-4.0
	Net Spending - Defence and Veterans' affairs		-5.0	-27.3	-58.2	-88.9	-179.4	-5.0	-268.3	-299.2	-328.9	-901.4
	FURTHER COALITION POLICY PRIORITIES											
	7.29 Coalition Plan to Reduce Drownings ²	The Coalition's Policy to Reduce Drownings	-1.0	-3.0	-3.0	-3.0	-10.0	-1.0	-3.0	-3.0	-3.0	-10.0
	7.30 The Coalition's Policy for Disability and Carers ²	The Coalition's policy for Disability and Carers	-	-1.0	-1.0	-1.0	-3.0	-	-1.0	-1.0	-1.0	-3.0
	7.31 Marriage vouchers trial ²	Fiscal Budget Impact of Federal Coalition Policies	-	-17.0	-3.0	-	-20.0	-	-17.0	-3.0	-	-20.0
	7.32 Prime Minister's Indigenous Council ²	Fiscal Budget Impact of Federal Coalition Policies	-0.3	-0.3	-0.3	-0.3	-1.0	-0.3	-0.3	-0.3	-0.3	-1.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	7.33 National Commission of Audit ²	Leader of the Opposition Budget Reply	-1.0	-	-	-	-1.0	-1.0	-	-	-	-1.0
	7.34 ACCC Funding to ensure scrapping the Carbon Tax means lower prices ²	The Coalition's Policy to Deliver Lower Prices by Scrapping the Carbon Tax	-3.0	-6.0	-1.0	-	-10.0	-3.0	-6.0	-1.0	-	-10.0
	7.35 The Coalition's Policy to Enhance Online Safety for Children ²	The Coalition's Policy to Enhance online safety for children	-0.3	-3.3	-3.3	-3.3	-10.0	-0.3	-3.3	-3.3	-3.3	-10.0
	7.36 The Coalition's Policy for Women ²	The Coalition's Policy for Women	-0.3	-0.3	-0.3	-0.3	-1.0	-0.3	-0.3	-0.3	-0.3	-1.0
	7.37 Coalition's Policy for Tourism ²	The Coalition's Policy for Tourism	-	-1.0	-1.0	-1.0	-3.0	-	-1.0	-1.0	-1.0	-3.0
	<i>Net Spending - Further Coalition Policy Priorities</i>											
	Net Budget Impact - Other Coalition Policy Priorities		-283.8	-1,416.4	-1,940.3	-6,057.4	-9,697.5	-283.8	-1,657.4	-2,181.3	-6,297.4	-10,419.5
	8.0 OTHER ANNOUNCED COALITION SAVINGS											
COA055	8.1 Reduce Public Service headcount by 12,000 through natural attrition	Leader of the Opposition Budget Reply	303.1	1,198.4	1,790.3	1,919.9	5,211.7	303.1	1,198.4	1,790.3	1,919.9	5,211.7
COA056	8.2 Restore humanitarian immigration intake to 13,750 p.a.	Joe Hockey budget reply	141.1	267.2	371.6	488.7	1,268.6	141.3	267.3	371.7	488.7	1,269.0
	8.3 Redirect Carbon Capture and Storage Flagships program ⁹	The Coalition's responsible budget savings	45.9	24.9	112.4	72.7	256.0	45.9	24.9	112.4	72.7	256.0
	8.4 Reduce Automotive Transformation Scheme ²	The Coalition's responsible budget savings	48.0	182.0	182.0	88.0	500.0	48.0	182.0	182.0	88.0	500.0
	Net Budget Impact - Other Announced Coalition Savings		538.1	1,672.5	2,456.3	2,569.3	7,236.3	538.3	1,672.6	2,456.4	2,569.3	7,236.7
	9.0 FURTHER COALITION SAVINGS											
	9.1 Discontinue Carbon Farming Initiative -advertising campaign ²	Fiscal Budget Impact of Federal Coalition Policies	1.0	-	-	-	1.0	1.0	-	-	-	1.0
	9.2 Reduce payments for grants to Australian Organisations ⁹	Fiscal Budget Impact of Federal Coalition Policies	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7
	9.3 Reprioritise Indigenous Policy Reform program ⁹	Fiscal Budget Impact of Federal Coalition Policies	1.5	1.8	12.0	12.0	27.3	1.5	1.8	12.0	12.0	27.3

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	9.4 ITSA (reduced administration of minor insolvencies) ²	Fiscal Budget Impact of Federal Coalition Policies	3.0	7.0	7.0	8.0	25.0	3.0	7.0	7.0	8.0	25.0
	9.5 Streamline Family Court processes ²	Fiscal Budget Impact of Federal Coalition Policies	2.0	6.0	9.0	13.0	30.0	2.0	6.0	9.0	13.0	30.0
	9.6 Redirect Portrayal of Senior Australians in the media ²	Fiscal Budget Impact of Federal Coalition Policies	0.4	0.6	0.4	-	1.4	0.4	0.6	0.4	-	1.4
COA064	9.7 Redirect National Crime Prevention Fund to the Coalition's Safer Streets Program ¹⁸	Fiscal Budget Impact of Federal Coalition Policies	17.8	-2.3	-14.7	-15.0	-14.2	17.8	-2.3	-14.7	-15.0	-14.2
	9.8 Reduce former Department of Climate Change ²	Fiscal Budget Impact of Federal Coalition Policies	6.8	12.8	12.8	12.8	45.0	6.8	12.8	12.8	12.8	45.0
	9.9 Discontinue direct Commonwealth funding to ICT centre of excellence ²	Fiscal Budget Impact of Federal Coalition Policies	-	21.4	21.0	-	42.4	-	21.4	21.0	-	42.4
	9.10 Discontinue ACT pokies trial ⁹	Fiscal Budget Impact of Federal Coalition Policies	21.9	22.0	-	-	43.8	21.9	22.0	-	-	43.8
	9.11 Foreign Aid - grow in line with inflation ²	Fiscal Budget Impact of Federal Coalition Policies	656.0	873.0	1,230.0	1,741.0	4,500.0	656.0	873.0	1,230.0	1,741.0	4,500.0
	9.12 Discontinue establishment of Senegal diplomatic post ⁹	Fiscal Budget Impact of Federal Coalition Policies	1.6	1.4	10.2	7.3	20.5	1.6	1.4	10.2	7.3	20.5
COA069	9.13 Revert to pre-2010 election personal staffing ratios	Fiscal Budget Impact of Federal Coalition Policies	0.9	1.8	1.9	1.9	6.5	0.9	1.8	1.9	1.9	6.5
COA070	9.14 Further 0.25 per cent p.a. efficiency dividend – reduced advertising, consultancy and travel costs and by achieving deregulation efficiencies	Fiscal Budget Impact of Federal Coalition Policies	-	69.3	138.8	220.3	428.5	-	69.3	138.8	220.3	428.5
	9.15 Discontinue Manufacturing Technology Innovation Centre ⁹	Fiscal Budget Impact of Federal Coalition Policies	6.4	9.3	9.9	9.9	35.5	6.4	9.3	9.9	9.9	35.5
	9.16 Discontinue Community Cabinets ²	Fiscal Budget Impact of Federal Coalition Policies	3.2	3.5	3.5	3.5	13.7	3.2	3.5	3.5	3.5	13.7
	9.17 Water Buybacks - re-phase four years' spending over six years ⁹	Fiscal Budget Impact of Federal Coalition Policies	73.1	124.9	203.6	236.0	637.5	73.1	124.9	203.6	236.0	637.5
	9.18 Reduce National Low Emissions Coal Initiative ⁹	Fiscal Budget Impact of Federal Coalition Policies	5.0	6.5	-	-	11.5	5.0	6.5	-	-	11.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
9.19	Suspend National CO2 Infrastructure Plan ⁹	Fiscal Budget Impact of Federal Coalition Policies	15.0	5.6	-	-	20.6	15.0	5.6	-	-	20.6
9.20	Discontinue RET Counsellor to India ⁹	Fiscal Budget Impact of Federal Coalition Policies	-	0.7	0.7	0.9	2.3	-	0.7	0.7	0.9	2.3
9.21	Geothermal and Tidal - allocate \$40m of existing ARENA funding ²	Fiscal Budget Impact of Federal Coalition Policies	-	10.0	15.0	15.0	40.0	-	10.0	15.0	15.0	40.0
9.22	Connecting renewables - connecting to the grid - suspend until committed demand is identified ²	Fiscal Budget Impact of Federal Coalition Policies	25.0	50.0	55.0	55.0	185.0	25.0	50.0	55.0	55.0	185.0
9.23	Not proceed with further increase in instant asset write-off to \$10,000 ¹⁹	Fiscal Budget Impact of Federal Coalition Policies	45.2	38.1	91.4	25.3	200.0	45.2	38.1	91.4	25.3	200.0
Net Budget Impact - Further Coalition Savings			886.0	1,263.5	1,807.6	2,347.0	6,304.0	886.0	1,263.5	1,807.6	2,347.0	6,304.0
Net effect of interactions between policy proposals ²⁰			-	-60.0	-60.0	50.0	-70.0	-	-75.0	-85.0	35.0	-125.0
Total financial impact of the Coalition's election commitments (excluding public debt interest)			634.5	3,832.7	1,233.8	170.6	5,871.8	2,804.5	4,035.2	1,127.2	49.1	8,016.3
Impact of public debt interest ²¹			67.8	268.0	426.8	511.1	1,273.7	67.8	268.0	426.8	511.1	1,273.7
Total financial impact of the Coalition's election commitments			702.3	4,100.7	1,660.5	681.8	7,145.5	2,872.3	4,303.2	1,554.0	560.3	9,290.0

For the financial impact on the budget balances, a positive number indicates an improvement in the budget balance, a negative number indicates a deterioration in the budget balance. Numbers may not add due to rounding.

- Nil

¹ This election commitment has additional impacts on the headline cash balance (beyond the impacts on the underlying cash balance) due to the reduced cash outflows from the Clean Energy Finance Corporation's loans and equity investment. The total increase in the headline cash balance is estimated to be \$630 million in 2013-14, \$1.5 billion in 2014-15, \$2.1 billion in 2015-16 and \$2.2 billion in 2016-17.

² The Coalition has advised the funding associated with this election commitment is a fixed amount, and costing documentation for these commitments is not included in this report. The Parliamentary Budget Officer has not made an assessment on the adequacy of the funding in meeting the stated policy objectives.

³ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The Parliamentary Budget Officer confirmed with the Coalition that the commitment will be implemented so that the January 2014 payments would be cancelled. This will have a full year effect on a fiscal balance basis as two payments are accrued each year in early January and late June. The underlying cash impact reflects the cancellation of one payment in 2013-14.

- ⁴ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The Parliamentary Budget Officer has increased his estimates of the incomes of secondary carers from those used in the costings provided previously to the Coalition.
- ⁵ The components of COA017 – *Coalition's Paid Parental Leave Scheme Package* have been costed together but the costing does not include the commitment COA021 – *Levy of 1.5% on company taxable income above \$5 million*, which was costed separately with the commitment COA021 – *Company Tax rate cut to 28.5 per cent*, because of interactions between the two proposals (see footnotes 7, 16).
- ⁶ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The differences are due to the PBO using a higher overall growth rate assumption to derive the estimated future utilisation of existing public service paid maternity leave schemes under current policy.
- ⁷ This commitment is costed together with COA021 – *Company Tax rate cut to 28.5 per cent* because of interactions between the two proposals. (see footnote 16). The costings of the two proposals are not fully additive due to rounding and interactions between the proposals. This difference is included under 'Net effect of interactions between policy proposals' (see footnote 20).
- ⁸ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The Parliamentary Budget Officer has confirmed as per the 2013-14 Portfolio Budget Statement that no funding has been provided to ACARA in 2016-17.
- ⁹ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The Parliamentary Budget Officer's costing is based on advice from relevant Government departments.
- ¹⁰ This election commitment has additional impacts on the headline cash balance (beyond the impacts on the underlying cash balance) because of the provision of loans. The total reduction in the headline cash balance is estimated to be \$5.0 million in 2013-14, \$232.2 million in 2014-15, \$851.5 million in 2015-16 and \$855.3 million in 2016-17.
- ¹¹ This election commitment was costed as part of COA064 – *Redirect National Crime Prevention Fund to the Coalition's Safer Streets Program* (see footnote 18).
- ¹² The costing for this commitment includes COA040 – *Redirect Building Better Regional Cities programme* (see footnote 13).
- ¹³ This election commitment was costed as part of COA040 – *Community Development Grants programme* (see footnote 12).
- ¹⁴ The impact of this election commitment is different to the impact reported by the Coalition in its list of election commitments (see Attachment F). The Parliamentary Budget Officer, after confirming with the Coalition, has more accurately reflected the fortnightly payment schedule.
- ¹⁵ The Coalition did not include this component of the COA150 – *Regional Co-operation to Combat People Smuggling* commitment in its table as it was assumed to have no net impact on the budget. The Parliamentary Budget Officer has determined that the component does have a net impact on the budget and accordingly has included a line item.
- ¹⁶ This commitment is costed together with COA021 – *Levy of 1.5% on company taxable income above \$5 million* because of interactions between the two proposals (see footnote 7).
- ¹⁷ This election commitment impacts the Commonwealth's net worth as it changes unfunded superannuation liabilities. This commitment is expected to decrease net worth by around \$4.4 billion by 2016-17.
- ¹⁸ The costing for this commitment includes COA064 – *Safer Streets – Protecting Communities from Crime* (see footnote 11).
- ¹⁹ The impact of this commitment reflects not proceeding with the ALP's proposed increase in the instant asset write-off but adopting the related offsetting savings.
- ²⁰ Except where otherwise indicated, policy proposals have been costed on a standalone basis. This line reflects the net effect of interactions between policy proposals. There is an interaction between the Coalition proposals in relation to superannuation (COA006 – *Re-phase Superannuation Guarantee Increase* and COA007 – *Not proceed with low income super contribution*) that has the effect of reducing the combined net saving from these measures. These proposals also interact with COA017 – *Coalition's Paid Parental Leave Scheme Package*, in effect reducing the net cost of this proposal. There is also an interaction between proposals that affect the company tax base (including proposals COA001 – *Discontinue business compensation measures*, COA010 – *Discontinue instant asset write-off increase*, COA012 – *Discontinue tax loss carry back* and COA013 – *Discontinue accelerated depreciation for motor vehicles*) and the proposed COA021 – *Company Tax rate cut to 28.5 per cent* (for companies not subject to the proposed paid parental levy), reducing the combined net revenue gain under these proposals. This line also includes the interaction between the Coalition's Paid Parental Leave Scheme Package and the proposed reduction in the company tax rate to 28.5 per cent.
- ²¹ In addition to the changes in headline cash balance from the commitments to abolish the Clean Energy Finance Corporation, and loans provided through COA032 – *The Coalition's policy for Better Apprentice Support*, the commitment for reduced equity investments into NBN Co is factored into the calculation for the public debt interest for the total combined impact of Coalition election commitments. The commitment to reduce equity investments into NBN Co is not listed as a separate election commitment in the table above, and results in a net increase in the headline cash balance of \$4.2 billion over the 2013-14 Budget forward estimates period.

Matters taken into account by the Parliamentary Budget Officer

In preparing the list of Coalition election commitments to be included in this report, as required by subsection 64MA(6) of the Act, the Parliamentary Budget Officer has had regard to the lists of policies provided by the Coalition under subsection 64MA(3) of the Act (see **Attachment F**), and public announcements made by the Coalition before and during the caretaker period for the 2013 general election. On this basis, the Parliamentary Budget Officer is reasonably satisfied that the Coalition election commitments that would have a material impact on the Commonwealth budget have been included in **table 3** in the report.

In accordance with section 64MAA of the Act, the Parliamentary Budget Officer has decided that all election commitments in **table 3** are publicly announced policies of the Coalition which the Coalition intends to seek to have implemented after the election, and a policy costing of these election commitments should be included in this report.

All of the election commitments included in **table 3** were on the list of election commitments provided by the Parliamentary Budget Officer to the Coalition within three days of the end of the caretaker period (see **Attachment G**).

Parliamentary Budget Officer's engagement with the Coalition

1. On 6 September 2013, the Coalition provided a list of their election commitments to the Parliamentary Budget Officer, consistent with subsection 64MA(3) of the Act, which can be found at **Attachment F**.
2. On 20 September 2013, the Parliamentary Budget Officer provided the Coalition with a list of those policies that in his best professional judgment would have a material effect on the Budget. This can be found at **Attachment G**. The list provided by the Parliamentary Budget Officer was identical to the list provided by the Coalition on 6 September 2013.
3. The Coalition did not provide comments on the Parliamentary Budget Officer's list of its election commitments.
4. Prior to its public release on 18 October 2013, the Parliamentary Budget Officer provided the Coalition with a copy of that part of this report setting out the costings of the Coalition's election commitments and the total combined financial impact of those election commitments, consistent with subsection 64MC(2) of the Act. The Coalition provided no comments.

Section 5: Australian Greens – election commitments

Summary of election commitments of the Australian Greens

The combined election commitments of the Australian Greens are estimated to increase the underlying cash balance by \$2.1 billion over the 2013-14 Budget forward estimates. This reflects net increases in receipts of \$45.8 billion and payments of \$43.7 billion.

In total, election commitments of the Australian Greens are estimated to increase the fiscal balance by \$0.4 billion over the 2013-14 Budget forward estimates, reflecting net increases in revenue of \$43.8 billion and expenses of \$43.4 billion.

The Parliamentary Budget Officer's final list of election commitments of the Australian Greens and their total combined financial impact on the Commonwealth budget estimates is provided in **table 4**.

Major contributions to the budget impact

Significant commitments include raising Newstart and payments for single parents, introducing universal dental care, expanding the Paid Parental Leave (PPL) scheme and providing additional childcare assistance. These commitments would decrease the underlying cash balance by \$18.8 billion and the fiscal balance by \$18.9 billion over the forward estimates.

Commitments for additional fixed funding over the forward estimates would decrease underlying cash and fiscal balances by \$14.6 billion. This includes an additional \$4.4 billion for education, \$4.3 billion for housing, \$3.3 billion for clean energy and \$2.7 billion for health.

Opposing public service cuts, reversing savings and increasing funding for universities and international aid would decrease the underlying cash and fiscal balances by a further \$11.5 billion over the forward estimates.

The effect of these commitments is offset by the *Resourcing a Caring Society* package that would increase the underlying cash balance by \$40.0 billion and the fiscal balance by \$40.3 billion over the forward estimates. This package includes increasing the Minerals Resource Rent Tax (MRRT), introducing a levy on bank assets, increasing taxes on personal incomes over \$1 million per annum and abolishing fuel and coal subsidies.

Commitments to phase out the Private Health Insurance Rebate, tax trusts as companies and reform the capital gains tax would also increase the underlying cash balance by \$16.0 billion and the fiscal balance by \$16.7 billion over the forward estimates.

Interactions of election commitments

A number of election commitments of the Australian Greens have significant interactions. In particular, there are interactions between several commitments relating to taxation. These include commitments as part of the *Resourcing a Caring Society* package, prohibition of new coal seam gas and coal mining projects and taxing trusts as companies. The combined effect of these interactions would be expected to reduce the underlying cash and fiscal balances by \$780 million over the forward estimates.

Impacts on headline cash

Relative to the underlying cash balance the total combined election commitments of the Australian Greens would decrease the headline cash balance by \$4.3 billion over the forward estimates. The decrease in the headline cash balance is mainly due to the commitment to increase loans and equity investments by the Clean Energy Finance Corporation. The commitment to introduce zero interest social housing growth bonds also contributes to the decrease in the headline cash balance.

Longer term budget impacts

The overall impact of election commitments of the Australian Greens beyond 2016-17 will not necessarily reflect their impact on the underlying cash and fiscal balances over the forward estimates. This is the result of some commitments reaching their full impact outside of the forward estimates and some having a limited impact beyond 2016-17.

Increasing international aid to 0.5 per cent of Gross National Income (GNI) by 2015-16 is estimated to decrease the underlying cash and fiscal balances by \$1.9 billion in that year. Beyond the forward estimates, achieving the target of 0.7 per cent of GNI by 2020-21 would decrease the underlying cash and fiscal balances by \$4.6 billion in that year.

Accelerating investment in high-speed rail would decrease underlying cash and fiscal balances by \$664 million over the forward estimates. As the project moves into the construction phase outside of the forward estimates period, spending is expected to increase with the net impact depending on the financial return on the project.

Reversing decisions to move to a floating carbon price from 1 July 2014, would increase the underlying cash balance by \$5.2 billion and fiscal balance by \$3.5 billion over the forward estimates. No net additional revenue would be expected beyond the forward estimates as the commitment converges with the Pre-Election Economic and Fiscal Outlook 2013 position.

Abolishing the issuance of free carbon permits under the Energy Security Fund to emissions intensive coal-fired electricity generators would increase the underlying cash balance by \$625 million and the fiscal balance by \$515 million over the forward estimates. There would be no impact beyond the forward estimates period as the issue of free permits was scheduled to cease after 2014-15.

Costing documentation

In cases where the Australian Greens have advised that the funding associated with an election commitment is a fixed amount, costing documentation for these election commitments is not included in this report. The same approach has been adopted in relation to election commitments which the Australian Greens have indicated would be implemented within existing resources therefore having a zero financial impact over the forward estimates. For these election commitments, the Parliamentary Budget Officer has made an assessment and satisfied himself that funding is available for these commitments.

Costing documentation for all election commitments for which funding is not based on fixed amounts is at **Attachment H**. The variation between the costings presented in this report on PPL and refugee policy and figures published during the caretaker period are due to a revision to assumptions and update in methodology respectively.

Table 4: Australian Greens – financial impact of election commitments

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013–14	2014–15	2015–16	2016–17	Total	2013–14	2014–15	2015–16	2016–17	Total
GRN002	Abolishing Fossil Fuel subsidies	Resourcing a Caring Society	1,000.0	2,850.0	3,250.0	3,400.0	10,500.0	1,350.0	2,850.0	3,250.0	3,400.0	10,850.0
GRN065	'Clean coal' assistance abolished	Resourcing a Caring Society	-	47.8	150.4	73.7	271.9	-	47.8	150.4	73.7	271.9
GRN053	Oppose flexible carbon price shift	Greens Trusted on Climate	-310.0	3,030.0	1,650.0	-170.0	4,200.0	-70.0	3,080.0	-320.0	-170.0	2,520.0
GRN040	Abolish coal-fired power stations compensation	Remove Unjustified Billions	-	415.0	210.0	-	625.0	-	515.0	-	-	515.0
GRN001	Fix the mining tax	Resourcing a Caring Society	-	5,000.0	7,000.0	8,800.0	20,800.0	-	5,000.0	7,000.0	8,800.0	20,800.0
GRN004	Millionaires tax	Resourcing a Caring Society	119.0	-51.4	149.6	309.7	526.9	119.0	-51.4	149.6	309.7	526.9
GRN003	Bank Public Support levy	Resourcing a Caring Society	-	2,700.0	2,500.0	2,700.0	7,900.0	-	2,700.0	2,500.0	2,700.0	7,900.0
GRN005	Abolish income quarantining	Abandon Income Management	43.3	25.6	22.1	-	91.0	43.8	26.0	22.4	-	92.2
GRN092	Re-directing PHI over three years	Fewer cuts more revenue	-12.0	1,763.0	3,334.0	5,123.0	10,208.0	-12.0	2,003.0	3,554.0	5,338.0	10,883.0
GRN091	Reform CGT through 10% reduction in concession	Fewer cuts more revenue	-3.0	798.0	1,200.0	1,400.0	3,395.0	-3.0	798.0	1,200.0	1,400.0	3,395.0
GRN090	Reform taxation of trusts (excluding farming trusts)	Fewer cuts more revenue	-	600.0	900.0	900.0	2,400.0	-	600.0	900.0	900.0	2,400.0
GRN052	Withdrawal from Afghanistan	Bring Our Troops Home	170.7	178.1	130.2	80.3	559.3	170.7	178.1	130.2	80.3	559.3
GRN006	Cancel Joint Strike Fighter project	Scrapping the Joint Strike Fighter	7.8	140.9	205.5	451.2	805.4	7.8	140.9	205.5	451.2	805.4
	No one left behind: Ending Homelessness ¹	Homelessness	-	-900.2	-900.2	-900.2	-2,700.6	-	-900.2	-900.2	-900.2	-2,700.6
	Biosecurity Commission ¹	Biological Diversity	-	-7.0	-6.5	-6.5	-20.0	-	-7.0	-6.5	-6.5	-20.0
	Regional Arts ¹	Supporting Regional Artists	-	-3.3	-3.3	-3.3	-10.0	-	-3.3	-3.3	-3.3	-10.0
GRN080	Protect National Parks ²	Protect Our National Parks	-	-	-	-	0.0	-	-	-	-	0.0
	Stop Dumping on the Great Barrier Reef ³	Stop Dumping on Our Reef	-	-	-	-	0.0	-	-	-	-	0.0
	Energy Savings Agency ¹	Energy Savings Agency	-	-404.8	-404.8	-404.9	-1,214.5	-	-404.8	-404.8	-404.9	-1,214.5
GRN007	Clean Energy Roadmap ⁴	Clean Energy Road Map	4.8	17.9	30.2	45.6	98.5	-82.3	-121.1	-77.2	-12.5	-293.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
GRN010	Connecting Clean Energy Grid ¹ Reverse uni cuts and lift base funding	Connecting clean energy Investing in the Future	-	-500.0	-750.0	-750.0	-2,000.0	-	-500.0	-750.0	-750.0	-2,000.0
GRN087	Increasing Newstart and caring for single parents Increasing R&D investment ⁵ Schools funding boost ¹ Protecting threatened species (incl reversing Biodiversity cuts) ¹ Wild Rivers ¹	Caring for People R&D investment Caring for Our Schools Protecting Species Keep wild rivers running free	-231.8	-792.4	-1,256.9	-1,546.4	-3,827.4	-230.4	-788.7	-1,258.3	-1,563.4	-3,840.8
GRN111	Paid Parental Leave Scheme ⁶	Better Paid Parental Leave	-5.0	-2,915.0	-2,950.0	-3,170.0	-9,040.0	-5.0	-2,915.0	-2,950.0	-3,170.0	-9,040.0
GRN020	Energy Efficiency grants for farmers ¹ Extreme Weather/coal levy	On-Farm Energy Bills Preparing for Disasters	-	-	-	-	0.0	-	-	-	-	0.0
GRN022	Rule of Law ¹ Dollar Bets Sports Supplements ⁷	Rule of Law Dollar Bets for Pokies Caring for Our Athletes	-	-6.5	-6.5	-6.5	-19.5	-	-6.5	-6.5	-6.5	-19.5
GRN112	Safer Pathways Refugee policy ⁸ Buying from Farmers Direct ¹	Safer Pathways for Refugees Helping Farmers Sell Direct	-291.4	-680.2	-836.0	-1,016.2	-2,823.8	-291.5	-680.4	-835.8	-1,009.8	-2,817.5
GRN012	Medicare Funding Boost Cut Social Housing Waiting List ¹	Securing Medicare A Stronger Social Housing System	-159.6	-152.8	-172.9	-176.8	-662.2	-159.9	-153.1	-173.4	-177.3	-663.6
GRN029	Housing Supply Bonds ⁹ Justice Reinvestment ¹ Blindness Prevention ¹ Supermarket Duopoly - competition policy ¹	Safe as Houses Smarter on Crime Vision for the Future Competition Policy	-	-10.0	-20.0	-30.0	-60.0	-	-100.0	-110.0	-120.0	-330.0
GRN112	Reforming Sports Science ¹⁰ Supporting Wildlife Carers ¹ Refugee health ¹¹	Reforming Sports Science Supporting Wildlife Carers Protect Refugee Health	-	-2.3	-2.3	-2.3	-6.9	-	-2.3	-2.3	-2.3	-6.9
GRN032	High Speed Rail	Building High-Speed Rail	-135.0	-149.0	-157.0	-223.0	-664.0	-135.0	-149.0	-157.0	-223.0	-664.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
GRN033	Small business	Small Business Initiative	-52.5	-162.5	-1,062.5	-1,212.5	-2,490.0	-52.5	-162.5	-1,062.5	-1,212.5	-2,490.0
GRN034	Junk food advertising ¹²	Ban Junk Food Ads	-	-1.1	-0.4	-0.3	-1.8	-	-1.1	-0.4	-0.3	-1.8
GRN080	No new coal or CSG ¹³	CSG Initiative	-	-	-	-	0.0	-	-	-	-	0.0
GRN035	R&D in Agriculture	Investing in Agriculture	-	-116.0	-122.0	-122.5	-360.5	-	-116.0	-122.0	-122.5	-360.5
	TAFE funding increase ¹	Make TAFE a priority	-	-400.0	-400.0	-400.0	-1,200.0	-	-400.0	-400.0	-400.0	-1,200.0
	UN Declaration on Rights of Indigenous Peoples ¹	Implement Indigenous Rights	-	-5.0	-5.0	-5.0	-15.0	-	-5.0	-5.0	-5.0	-15.0
GRN038	Dentcare	Dentcare Policy	-14.8	-769.0	-1,754.3	-2,195.4	-4,733.5	-14.8	-794.6	-1,847.4	-2,249.2	-4,906.0
	Australian Youth Parliament ¹	National Youth Parliament	-	-1.5	-	-	-1.5	-	-1.5	-	-	-1.5
GRN041	Banning Semi Automatic Firearms	Gun Control	-2.3	-395.6	-14.1	-	-412.0	-2.3	-395.6	-14.1	-	-412.0
GRN076	Capital Grants for childcare centres ¹⁴	Childcare Capital Grants	-	-50.0	-50.0	-50.0	-150.0	-	-50.0	-50.0	-50.0	-150.0
	Rural Health ¹	Investing in Rural Health	-	-73.3	-73.3	-73.3	-220.0	-	-73.3	-73.3	-73.3	-220.0
	Indexation of Public Servant Pensions ¹	Fair Indexation	-2.0	-	-	-	-2.0	-2.0	-	-	-	-2.0
GRN045	Access to Justice	Access to Justice	-	-284.7	-288.6	-293.1	-866.5	-	-284.7	-288.6	-293.1	-866.5
GRN097	Dying with Dignity	Dying with dignity	-	-	-	-	0.0	-	-	-	-	0.0
	Great Barrier Reef ¹⁵	Saving the Barrier Reef	-	-50.3	-50.3	-50.3	-151.0	-	-50.3	-50.3	-50.3	-151.0
	Community Broadcasting ¹	Supporting Community Media	-	-27.0	-27.0	-27.0	-81.0	-	-27.0	-27.0	-27.0	-81.0
GRN048	Gambling in Sport	Protecting the Integrity of Sport	-	-	-	-	0.0	-	-	-	-	0.0
	Science and Research ^{1,16}	Science and Research Plan	-79.3	-541.1	-659.8	-623.1	-1,903.3	-79.3	-541.1	-659.8	-623.1	-1,903.3
	Rural Mental Health ¹	Improving Rural Mental Health	-	-184.2	-184.2	-184.2	-552.6	-	-184.2	-184.2	-184.2	-552.6
GRN034	Safer advertising to children ¹⁷	Ban Junk Food Ads	-	-	-	-	0.0	-	-	-	-	0.0
	Better deal for renters ¹	Better deal for renters	-	-103.3	-103.3	-103.3	-309.9	-	-103.3	-103.3	-103.3	-309.9
GRN051	Hearing Health	Focus on hearing health	-	-124.7	-123.3	-120.2	-368.2	-	-124.7	-123.3	-120.2	-368.2
GRN079	Young and Emerging Artists ¹⁸	Young and Emerging Artists	-	-23.5	-23.4	-23.5	-70.4	-	-23.5	-23.4	-23.5	-70.4
GRN079	State of the Arts ¹⁸	State of the Arts	-	-	-	-	0.0	-	-	-	-	0.0
GRN055	Foreign Ownership of Agricultural Land	Foreign Ownership of Land	-	-0.2	-0.2	-0.2	-0.5	-	-0.2	-0.2	-0.2	-0.5

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Clean Air Act ¹	Clean Air Act	-	-	-	-	0.0	-	-	-	-	0.0
GRN076	Childcare, payment reform and HECS waiver ¹⁹	Childcare Plan	-	-6.3	-1,116.5	-1,171.7	-2,294.5	-	-12.1	-1,123.3	-1,179.4	-2,314.8
GRN062	Quality Mental Health Care	Quality Mental Health Care	-	-178.0	-182.1	-186.0	-546.0	-	-178.4	-182.5	-186.4	-547.4
	Community Renewable Energy ¹	Unleashing Community Energy	-	-20.0	-20.0	-20.0	-60.0	-	-20.0	-20.0	-20.0	-60.0
GRN112	End Immigration Detention ²⁰	End Cruel Detention	690.6	520.9	510.8	589.3	2,311.7	690.6	520.9	510.8	589.3	2,311.7
	Vision for the Kimberley ¹	Vision for the Kimberley	-	-2.0	-	-	-2.0	-	-2.0	-	-	-2.0
	Indigenous Rangers ¹	Caring for Remote Australia	-	-25.0	-25.0	-25.0	-75.0	-	-25.0	-25.0	-25.0	-75.0
	Future Transport for Sydney ²¹	Future Travel	-	-	-	-	0.0	-	-	-	-	0.0
	Transport – Melbourne ²¹	Fixing Melbourne's Transport	-	-	-	-	0.0	-	-	-	-	0.0
	Transport - WA ²¹	Transport Solutions for WA	-	-	-	-	0.0	-	-	-	-	0.0
	Transport – Hobart ²¹	Hobart Light Rail	-	-	-	-	0.0	-	-	-	-	0.0
	Surveillance Overreach ¹	Plan to Wind Back Surveillance	-	-0.2	-	-	-0.2	-	-0.2	-	-	-0.2
GRN054	Rental Revolution	Take the Pressure Down	-	-46.7	-65.5	-96.5	-208.7	-	-46.7	-65.5	-96.5	-208.7
	Food literacy and food waste ²²	Our Food Future	-	-18.6	-18.6	-17.6	-54.8	-	-18.6	-18.6	-17.6	-54.8
	Shark research and shark finning ¹	Sharks	-	-2.0	-2.0	-2.0	-6.0	-	-2.0	-2.0	-2.0	-6.0
	Soil Health ¹	A Smart Farming Future	-	-25.0	-25.0	-25.0	-75.0	-	-25.0	-25.0	-25.0	-75.0
GRN113	Veterans	Caring for Veterans	-2.0	-35.9	-35.8	-34.4	-108.1	-2.0	-37.1	-35.7	-34.3	-109.1
	GMOS ²³	Caring for Our Food System	-	-2.0	-2.0	-	-4.0	-	-2.0	-2.0	-	-4.0
	Industrial relations ¹	Working to Live	-	-40.0	-40.0	-40.0	-120.0	-	-40.0	-40.0	-40.0	-120.0
	Anti-corruption ¹	Integrity in Politics	-	-28.3	-29.0	-28.9	-86.1	-	-28.3	-29.0	-28.9	-86.1
	Pre-fabricated housing ¹	Building a New Way	-	-10.0	-10.0	-10.0	-30.0	-	-10.0	-10.0	-10.0	-30.0
GRN089	Screen package	Supporting Australian Film	-	-	-79.0	-79.0	-158.0	-	-79.0	-79.0	-79.0	-237.0
	Hospitals ¹	Investing in Public Hospitals	-	-500.0	-500.0	-500.0	-1,500.0	-	-500.0	-500.0	-500.0	-1,500.0
	Sustainable health ¹	Greening the Health Sector	-	-1.1	-1.1	-1.1	-3.3	-	-1.1	-1.1	-1.1	-3.3
	Schools: teachers and students ¹	Supporting our Students	-	-333.3	-333.3	-333.3	-1,000.0	-	-333.3	-333.3	-333.3	-1,000.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
GRN080	Environment, including no new coal and CFC cuts ²⁴	Environmental Laws that Work	-50.8	-262.2	-549.9	-906.9	-1,769.8	-50.8	-262.2	-549.9	-906.9	-1,769.8
GRN093	Lift overseas aid to 0.7% GNI and oppose cuts	Ending Poverty Overseas	-420.5	-1,080.0	-1,855.0	-2,530.0	-5,885.5	-420.5	-1,080.0	-1,855.0	-2,530.0	-5,885.5
GRN095	Office of Animal Welfare ¹ Oppose public service cuts Older Australia, including Dementia ¹	Animals Protecting Canberra's Jobs Dementia Research	-0.3	-0.2	-	-	-0.5	-0.3	-0.2	-	-	-0.5
GRN101	Re-powering social housing Adelaide Dental Hospital ¹	Repowering Social Housing Dental Hospital for Adelaide	-78.3	-78.3	-78.3	-78.3	-313.2	-78.3	-78.3	-78.3	-78.3	-313.2
GRN098	Palliative care ¹ Green spaces ¹ Fuel efficient cars	Better Palliative Care Green Ribbons Plan Cleaner More Efficient Cars	-	-19.5	-17.5	-17.5	-54.5	-	-19.5	-17.5	-17.5	-54.5
GRN100	Waste ¹ National Capital Authority: restore funding Making Questacon free ¹ Community sport ¹ Northern Mammals ¹	Improving Our Waste Management Restore funding to the NCA Investing in Questacon Funding Community Sport Caring for Northern Mammals	-	-5.7	-5.4	-5.2	-16.3	-	-5.7	-5.4	-5.2	-16.3
GRN042	Tourism ¹ Nuclear veterans	Supporting Tourism Justice for Nuclear Veterans	-	-37.3	-34.3	-34.3	-105.9	-	-37.3	-34.3	-34.3	-105.9
GRN086	Disability Support Nuclear Waste Commission ¹ Anti-poverty plan ¹ Brand Tasmania ¹ Rewarding artists	Dignity for People with Disability Nuclear and Uranium Anti-Poverty Strategy Brand Tasmania Artists Enriching Australia	-	-255.0	-260.0	-276.0	-791.0	-	-255.0	-260.0	-276.0	-791.0
GRN088			-1.1	-1.6	-	-	-2.7	-1.1	-1.6	-	-	-2.7
			-3.0	-3.0	-3.0	-3.0	-12.0	-3.0	-3.0	-3.0	-3.0	-12.0
			-	-1.0	-1.0	-1.0	-3.0	-	-1.0	-1.0	-1.0	-3.0
			-	-	-0.5	-0.5	-1.0	-	-	-0.5	-0.5	-1.0

Ref #	Election commitment	Source	Impact on underlying cash balance (\$m)					Impact on fiscal balance (\$m)				
			2013-14	2014-15	2015-16	2016-17	Total	2013-14	2014-15	2015-16	2016-17	Total
	Antarctic Research ²⁵	Antarctic Promises Fall Short	-	-55.4	-53.4	-65.0	-173.8	-	-55.4	-53.4	-65.0	-173.8
	<i>Impact of interactions between election commitments²⁶</i>		-	-162.9	-171.0	-448.0	-781.9	-	-162.9	-171.0	-448.0	-781.9
	Total financial impact of Australian Greens' election commitments (excluding public debt interest)		-279.1	1,758.0	717.7	-51.6	2,144.7	225.3	1,827.8	-1,531.2	-57.5	464.0
	<i>Impact of public debt interest</i>		-14.1	-13.2	-6.6	-48.4	-82.2	-14.1	-13.2	-6.6	-48.4	-82.2
	Total financial impact of the Australian Greens' election commitments		-293.2	1,744.8	711.1	-100.0	2,062.5	211.2	1,814.6	-1,537.8	-105.9	381.8

For the financial impact on the budget balances, a positive number indicates an improvement in the budget balance, a negative number indicates a deterioration in the budget balance. Numbers may not add due to rounding.

- Nil

¹ The funding associated with this commitment is for a fixed amount, and costing documentation for such commitments is not included in this report.

² This commitment was costed during the caretaker period as part of GRN080 – *Protecting the Environment* (see footnote 24).

³ This commitment was costed during the caretaker period as part of GRN046 – *Great Barrier Reef* (see footnote 15).

⁴ This commitment has additional impacts on the headline cash balance (beyond the impacts on the underlying cash balance) due to increased loans and equity investments by the Clean Energy Finance Corporation. The total reduction to the headline cash balance is estimated to be \$553.7 million in 2013-14, \$572.4 million in 2014-15, \$841.5 million in 2015-16 and \$963.3 million in 2016-17.

⁵ This commitment to increase research and development investment to 3 per cent of GDP by 2020 was costed during the caretaker period as GRN015 – *Increasing research and development investment* totalling \$2.1 billion over the forward estimates. This caretaker costing has been superseded by the subsequent *Science and Research* commitment (see footnote 16) which sets out the individual policies which would increase investment over the 2013-14 Budget forward estimates.

⁶ The impact of this election commitment is different to the impact reported in the caretaker costing GRN011 – *A Better Paid Parental Leave Scheme*. This is due to a revision to costing assumptions.

⁷ This commitment to establish a sport supplements advisory service was costed during the caretaker period as part of GRN030 – *Sports Science*.

⁸ This commitment to increase the humanitarian intake and improve processing times was costed during the caretaker period as part of GRN077 – *Safer pathways for refugees*.

⁹ This commitment has additional impacts on the headline cash balance (beyond the impacts on the underlying cash balance) due to the introduction of zero interest social housing growth bonds. The total reduction to the headline cash balance is estimated to be \$214.0 million in 2014-15, \$428.0 million in 2015-16 and \$642.0 million in 2016-17.

¹⁰ The costing of this commitment includes *Sports Supplements* (see footnote 7).

¹¹ This commitment to establish a health advisory panel was costed during the caretaker period as part of GRN077 – *Safer pathways for refugees*.

¹² The costing of this commitment includes *Safer advertising to children*.

¹³ This commitment was costed during the caretaker period as part of GRN080 – *Protecting the Environment* (see footnote 24).

¹⁴ This commitment to provide capital grants to childcare centres is part of the caretaker costing GRN076 – *Childcare*.

¹⁵ The costing of this commitment includes *Stop Dumping on the Great Barrier Reef* (see footnote 3).

¹⁶ This commitment supersedes GRN015 – *Increase research and development investment* which was costed during the caretaker period at \$2.1 billion over the forward estimates (see footnote 5). It provides the detail of how the additional investment in research and development is to be made over the forward estimates. The impact of this election commitment is different to the caretaker costing to increase research and development investment because the \$125 million commitment to the *Translational Biotech Fund* reduces the headline cash balance by \$41.7 million in 2016-17 rather than impacting on the underlying cash and fiscal balances, and the timing of the strategic international collaboration component. Funding for the \$150 million strategic collaboration component commences in 2014-15 and extends across ten years. Over the forward estimates the commitment is for \$49 million (including annual funding of \$15 million for administered and \$1.3 million for departmental costs).

¹⁷ This commitment was costed during the caretaker period as part of GRN034 – *Protecting kids from junk food advertising* (see footnote 12).

¹⁸ The commitment, *State of the Arts* was costed during the caretaker period as part of GRN079 – *Supporting Artists*.

¹⁹ This commitment to reform childcare payments and provide fee waivers was costed during the caretaker period as part of GRN076 – *Childcare* (See footnote 14). This commitment has additional impacts on the headline cash balance (beyond the impacts on the underlying cash balance) due to principal repayments forgone under the Higher Education Loan Program as a result of the fee waiver component of the commitment. The total reduction to the headline cash balance is estimated to be \$62.1 million in 2014-15, \$1,173.3 million in 2015-16 and \$1,229.4 million in 2016-17.

²⁰ This commitment to close detention centres was costed during the caretaker period as part of GRN077 – *Safer pathways for refugees*. The impact of this election commitment is different to the impact reported in the caretaker costing due to an update in costing methodology. Estimated savings in this report are lower reflecting advice from the Departments of Immigration and Border Protection, and Finance that funding for the costs of operating the Nauru Regional Processing Centre beyond 2013-14 (in the period 2014-15 to 2016-17) have not been included in the program forward estimates. Further information can be found in the overview section of the costing documentation (see GRN112 at Attachment H) and in PBO guidance 05/2013 – *Possible Impact of Contingency Reserve on PBO Costings*.

²¹ This commitment was costed during the caretaker period as part of GRN070 – *Transport*. It is to be funded from a reallocation of resources from the National Building Program and consequently has been assessed as having nil budget impact.

²² In the list provided on 6 September 2013, the Party consolidated two caretaker costings GRN064 – *Food literacy* and GRN071 – *Avoiding food waste* into a single commitment referred to as *Food literacy and food waste*.

²³ The costing for this commitment includes \$2.0 million identified in GRN074 – *Better regulation of GMOs* costed during the caretaker period and a further \$2.0 million for an inquiry into genetically modified crops.

²⁴ The costing for this commitment includes *No new coal or CSG* and *Protect National Parks* (see footnotes 2, 13).

²⁵ Increasing Antarctic research funding is considered to be an election commitment based on the public announcement outlined in a media release of the Australian Greens, *Antarctic promises still fall short*, dated 29 August 2013. Given that this commitment would have a material impact on the budget the Parliamentary Budget Officer has included this announcement on the list of 2013 election commitments of the Australian Greens. The funding associated with this commitment is for a fixed amount, and a costing for such commitments is not included in this report.

²⁶ There are interaction effects between several taxation policy proposals of the Australian Greens that affect the net impact on the budget. The proposal to impose a levy of 1.5 per cent on large businesses to fund PPL (GRN111) would interact with proposals to increase the MRRT (GRN001) and introduce a levy on bank assets (GRN003) as these amounts would be deductible for PPL levy purposes. This would reduce the combined net additional revenue from these proposals. Net additional revenue from the proposals to improve the MRRT and impose a PPL levy of 1.5 per cent on large businesses would also be reduced by interactions with the proposal to abolish fossil fuel subsidies (GRN002). This proposal to abolish fuel tax credits for mining companies would increase deductible expenses under both company tax and the MRRT that would be deductible at the proposed higher tax rate. The proposals to abolish accelerated depreciation for certain assets and to remove immediate deductibility for minerals exploration would increase deductions that could be claimed against the PPL levy. The proposal to prohibit new coal seam gas and coal-mining projects (GRN080) would also interact with the proposals to impose a 1.5 per cent PPL levy on large businesses and to improve the MRRT, decreasing the base of these taxes over time, with a net negative impact on the budget. The proposal to reform the taxation of trusts (GRN090) would have the effect of expanding the company tax base, interacting with proposals to impose a 1.5 per cent PPL levy on large businesses to fund paid parental leave and the proposed reduction in the company tax rate for small business (GRN033) with the net effect being an increase in revenue from the proposals.

Matters taken into account by the Parliamentary Budget Officer

The Parliamentary Budget Officer has had regard to the lists of policies provided by the Australian Greens under subsection 64MA(3) of the Act (see **Attachment I**) and public announcements made by the Party before and during the caretaker period for the 2013 general election in preparing the list of election commitments to be included in this report under subsection 64MA(6).

On this basis, the Parliamentary Budget Officer is reasonably satisfied that the Australian Greens election commitments that would have a material impact on the Commonwealth budget have been included in **table 4** of this report.

In accordance with section 64MAA of the Act, the Parliamentary Budget Officer has decided that all election commitments in **table 4** are publicly announced policies of the Australian Greens which they intend to seek to have implemented after the election. A policy costing of these election commitments has been included in this report.

All election commitments identified by the Australian Greens in the information provided to the Parliamentary Budget Officer on Friday, 6 September 2013 have been included in **table 4**.

The Parliamentary Budget Officer has included an additional commitment to the list of election commitments provided by the Australian Greens. This is based on public announcements and a media release of the Australian Greens, *Antarctic promises still fall short*, dated 29 August 2013. This commitment is to increase funding for the Australian Antarctic Division and marine research (see **Attachment J**). This election commitment is also included in **table 4**.

Parliamentary Budget Officer's engagement with the Australian Greens

1. On 6 September 2013, the Australian Greens provided a list of their election commitments to the Parliamentary Budget Officer, consistent with subsection 64MA (3) of the Act. This list is at **Attachment I**.
2. On 20 September 2013, the Parliamentary Budget Officer provided the Australian Greens with a list of those policies that in his best professional judgment would have a material effect on the Budget. This included a statement of differences between the two lists, consistent with subsections 64MA (5) and (7) of the Act (see **Attachment J**).
3. On 24 September 2013, the Australian Greens provided confirmation of their agreement with the Parliamentary Budget Officer's list of its election commitments.
4. Prior to its public release, on 18 October 2013, the Parliamentary Budget Officer provided the Australian Greens with a copy of that part of the report setting out the costings of the Australian Greens' election commitments and the total combined financial impact of those election commitments, consistent with subsection 64MC(2) of the Act. The Australian Greens provided no comments.

Glossary

2013-14 Budget forward estimates period	Refers to 2013-14 to 2016-17
the Act	Refers to the <i>Parliamentary Service Act 1999</i>
ALP	Refers to the Australian Labor Party
the Charter	Refers to the <i>Charter of Budget Honesty Act 1998</i>
Coalition	The Liberal Party of Australia and the National Party of Australia are treated as a single designated Parliamentary party for the purposes of this report
designated Parliamentary party	During the caretaker period for a general election, means a political party at least five members of which were members of the Parliament of the Commonwealth immediately before the caretaker period, as defined in section 7 of the <i>Parliamentary Service Act 1999</i>
election commitment	In relation to a general election, means a policy that a Parliamentary party has publicly announced it intends to seek to have implemented after the election, as defined in section 7 of the <i>Parliamentary Service Act 1999</i>
forward estimates	Refers to the current financial year and the following three financial years, ie 2013-14 to 2016-17
GNI	Refers to Gross National Income
MRRT	Refers to the Minerals Resources Rent Tax
IWT	Refers to the interest withholding tax
PBO	Refers to the Parliamentary Budget Officer
PEFO	Refers to the Pre-Election Economic and Fiscal Outlook 2013 report
PPL	Refers to Paid Parental Leave
SG	Refers to the Superannuation Guarantee

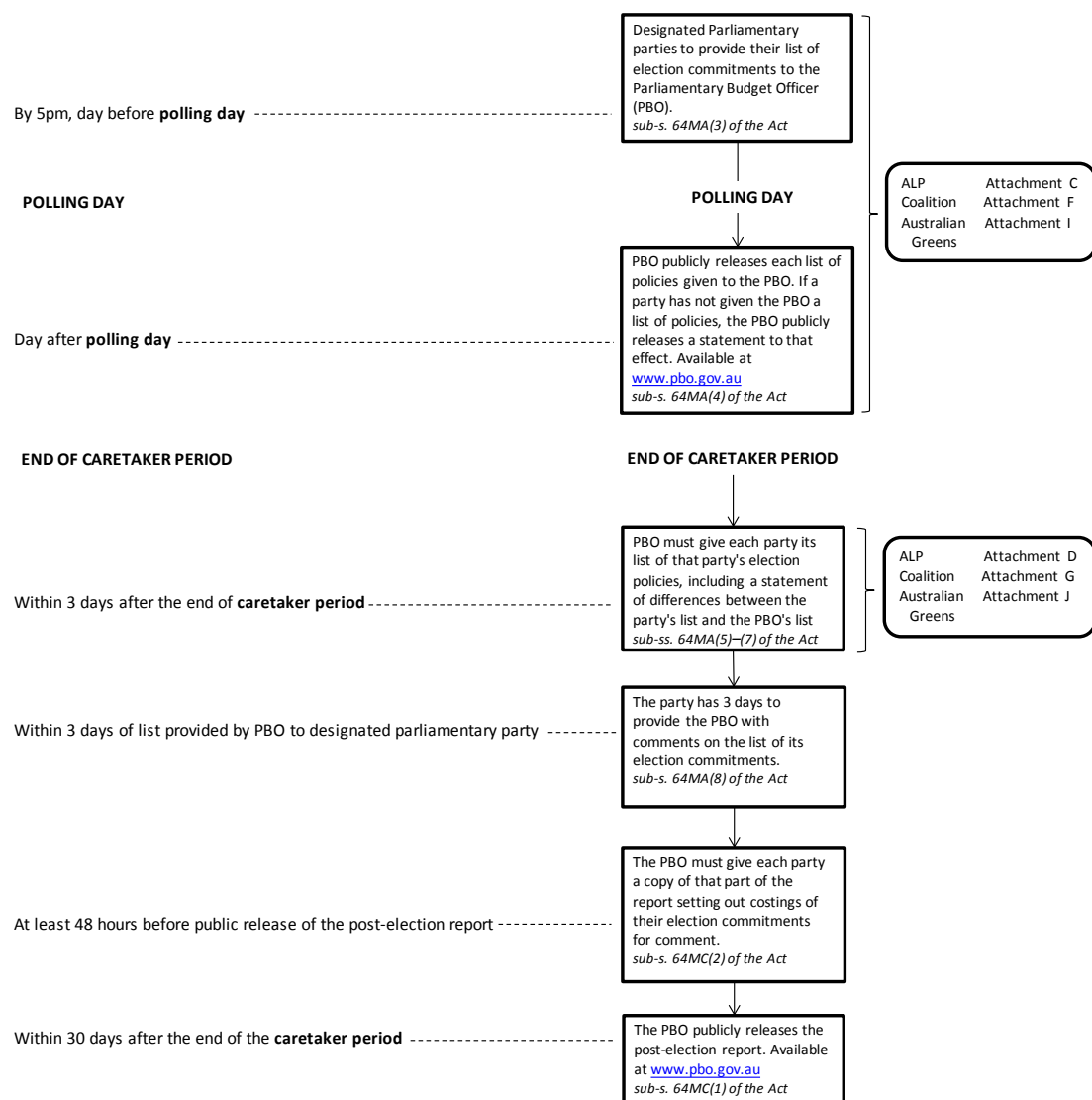
Attachments

Attachment A

Process for consultation with the designated Parliamentary parties

The Act sets out the process for the Parliamentary Budget Officer to consult with the designated Parliamentary parties for the purposes of compiling this report. This process is summarised in **figure 1**.

Figure 1 – Process for consultation with the designated Parliamentary parties



Under subsection 64MA(3) of the Act, each designated Parliamentary party must, before 5pm on the day before polling day in the election, give the Parliamentary Budget Officer a list, in writing, of the policies that the party has publicly announced it intends to seek to have implemented after the election. These lists are prepared independently of the Parliamentary Budget Officer by the

designated Parliamentary parties, and do not represent the Parliamentary Budget Officer's assessment of election commitments to be included in the post-election report.

Consistent with subsection 64MA(4) of the Act, on the day after the election, the Parliamentary Budget Officer must publicly release each of these lists. They were made available on the Parliamentary Budget Office's website on 8 September 2013: www.aph.gov.au/pbo.

As per subsection 64MA(5) of the Act, the Parliamentary Budget Officer must prepare, for each designated Parliamentary party, a list in writing of the election commitments of that party that the Parliamentary Budget Officer, in his or her best professional judgement, reasonably believes would have a material impact on the Commonwealth budget.

The Parliamentary Budget Officer is required to give the list to the party, not later than three days after the end of the caretaker period for the election. Where this list is different from the party's list of policies, the Parliamentary Budget Officer must include a statement explaining the reasons for the difference.

In preparing these lists of election commitments, the Parliamentary Budget Officer must have regard to: the lists of policies given to the Parliamentary Budget Officer by the parties before 5pm on the day before polling day; and any public announcements made by the parties before or during the caretaker period for the election.

Under subsection 64MA(8) of the Act, within three days after a designated Parliamentary party receives the Parliamentary Budget Officer's list of election commitments, the party must give the Parliamentary Budget Officer comments on the list. While subsection 64MAA(2) of the Act allows the Parliamentary Budget Officer to take account of these comments, he or she is not required to do so. The post-election report must set out any comments given to the Parliamentary Budget Officer. If no comments were provided, the post-election report must include a statement to this effect.

As per section 64MAA of the Act, the post-election report must not include costings of election commitments other than those in the list of election commitments prepared by the Parliamentary Budget Officer and provided to the designated Parliamentary parties within three days of the end of the caretaker period, or those referred to in the designated Parliamentary parties' comments on the above list provided to the Parliamentary Budget Officer.

At least 48 hours before publicly releasing the post-election report, the Parliamentary Budget Officer must give each designated Parliamentary party a copy of the part of the report setting out the costings of that party's election commitments and the total combined impact those election commitments would have on the Commonwealth budget estimates, as required by section 64MC of the Act.

Each part of the report must be accompanied by a notice informing the designated Parliamentary party that it be kept confidential; and requesting the party to give the Parliamentary Budget Officer any comments in relation to the part of report as soon as practicable. If the Parliamentary Budget Officer receives comments in relation to part of the post-election report, the Parliamentary Budget Officer may, if it is practicable to do so, include the comments in the report or revise the report to take account of the comments.

Subsection 64MC(1) of the Act requires the Parliamentary Budget Officer to publicly release the report not later than 30 days after the end of the caretaker period for the general election to which the report relates.

Attachment B

Costing documentation for ALP election commitments

Reference No. ALP007: Defence families to receive health assistance _____	62
Reference No. ALP014: Boosting childhood immunisation rates across Australia _____	67
Reference No. ALP015: Cutting Business Red Tape - reducing the burden of GST _____	71
Reference No. ALP022: Extend and boost support for Melbourne's five Adventure Playgrounds____	75
Reference No. ALP023: Medical Research Innovation Fund_____	79
Reference No. ALP054: Small Business Investment Boost _____	81
Reference No. ALP058: Boosting Tools for your Trade_____	86
Reference No. ALP079: Superannuation - NSW Police Force _____	90



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 'M. 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



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

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.



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: 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.



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	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.



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

Attachment C

ALP list of election commitments provided to the PBO

1

BUDGET IMPACT OF FEDERAL LABOR COMMITMENTS ^(a) 6 September 2013

Underlying cash balance	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m	Reference
Measures confirmed in the Economic Statement (ES)						
Fair Go for Farmers - National Register of Foreign Ownership of Agricultural Land	-1.3	-0.9	-0.5	-0.5	-3.2	ES p 56
Australian Commission for Law Enforcement Integrity additional funding	-1.2	-2.2	-2.3	-2.3	-8.0	ES p 56
Boost For World Class Australian ICT Research	-	-	-42.0	-	-42.0	ES p 57 & 60; ALP006
Digital Business Kits	-	-	-	-	0.0	ES p 57
Centre for Quality Teaching and Learning at the University of Canberra ^(h)	-	-	-	-	0.0	ES p 57
Bureau of Meteorology's capacity to respond to extreme weather - frontline services and supercomputing capability and natural disasters ^(h)	-17.6	-12.4	-13.3	-15.3	-58.5	ES p 62
South Australian River Murray Sustainability Program ^(c)	-30.2	-55.1	-80.1	-65.1	-230.5	ES p 62 & 63
Economic Statement Total	-50.3	-70.6	-138.2	-83.2	-342.2	
Impact on the budget bottom line	0.0	0.0	0.0	0.0	0.0	
Measures confirmed in the Pre-Election Economic and Fiscal Outlook						
Extend the Secure Schools Program	-10.0	-	-	-	-10.0	PEFO p 30
Extend the Forestry Workers Assistance Project delivered by ForestWorks	-	-1.2	-1.2	-	-2.4	PEFO p 30
Extend Teach for Australia	-4.4	-5.6	-6.4	-6.4	-22.8	PEFO p 30
Initiatives Supporting Innovation in Teacher Education (InSITE)	-0.8	-1.9	-2.8	-2.8	-8.1	PEFO p 30
Additional funding for the Parliament and Civics Education Rebate program	-1.4	-1.6	-1.7	-1.8	-6.5	PEFO p 30
Expand Foundation for Young Australians' Safe Schools Coalition program	-2.0	-2.0	-2.0	-2.0	-8.0	PEFO p 30
Strengthen the Transition to Independent Living Allowance	-	-	-	-	0.0	PEFO p 31
Action Plan for Foetal Alcohol Spectrum Disorder ^(b)	-2.9	-2.6	-1.8	-1.7	-8.8	PEFO p 31; ALP044
Prevention Program and Research to Address Increasing Rates of Sexually Transmissible Infections and Blood Borne Viruses	-9.5	-7.3	-4.3	-3.9	-25.0	PEFO p 31
Aged Care - support for culturally and linguistically diverse communities	-2.7	-5.2	-12.1	-12.4	-32.5	PEFO p 31
Epworth Health Care Geelong hospital - complex care unit ^(b)	-	-	-	-	0.0	PEFO p 31
Redevelopment of the Victorian Eye and Ear Hospital	-	-50.0	-50.0	-	-100.0	PEFO p 31 & 33
Extend the Small Business Superannuation Clearing House to businesses with less than 100 employees	-2.7	-0.9	-0.5	-0.6	-4.8	PEFO p 31; ALP017
Streamline administrative requirements for small businesses under the Paid Parental Leave scheme	-7.9	-1.0	-0.8	-0.8	-10.5	PEFO p 31; ALP016
Extra Support for the Car Industry	-100.0	-100.0	-	-	-200.0	PEFO p 32
Investment in Toyota Australia's Future ^(c)	-6.9	-18.7	-1.0	-1.0	-27.6	PEFO p 32
Manufacturing Skills Plus	-17.8	-17.8	-	-	-35.6	PEFO p 32
Skilling for Better Services	-15.3	-15.3	-	-	-30.6	PEFO p 32
A New Way - Step into Skills	-8.7	-17.5	-8.8	-	-35.0	PEFO p 32
Strengthening Australia's Search & Rescue Service	-3.2	-1.8	-2.9	-11.1	-19.0	PEFO p 32
Major Upgrade of Brookvale Oval	-5.0	-5.0	-	-	-10.0	PEFO p 32
Heffron Park - High Performance Community Centre	-11.2	-4.8	-	-	-16.0	PEFO p 32
Football and netball funding for the NT	-0.3	-0.6	-	-	-0.9	PEFO p 32
Upgrade of the Brisbane Inner North Sporting Community	-0.7	-0.1	-	-	-0.8	PEFO p 32
Upgrade of Meakin Park Junior Sporting Association facilities	-0.5	-0.1	-	-	-0.5	PEFO p 32
Upgrade of the Peninsula Strikers Football Club	-0.1	-	-	-	-0.1	PEFO p 32
Development of the Pilbara's first green grass golf course	-0.4	-	-	-	-0.4	PEFO p 32
Enhancing our Creative Engagement with Asia - scholarships between Australian and Asian arts centres	-0.5	-0.5	-0.5	-0.5	-1.8	PEFO p 32
Upgrade of the Adelaide Airport Stadium (Thebarton Oval)	-4.6	-2.0	-	-	-6.6	PEFO p 33
PEFO Total	-219.3	-263.5	-96.7	-44.8	-624.3	
Impact on the budget bottom line	0.0	0.0	0.0	0.0	0.0	

A New WayFederal Labor 2013 Election policies

Underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total	Reference
	\$m	\$m	\$m	\$m	\$m	
Measures from Funds identified in Economic Statement and PEFO - no impact on the budget bottom line						
<i>Economic Competitiveness Fund</i>						PEFO p 32
Small Business NBN Innovation Fund	-2.0	-3.0	-3.0	-2.0	-10.0	ALP020
A Bigger Say For Small Business - small business advisor to the Fair Work Ombudsman	-0.2	-0.3	-0.3	-0.3	-1.1	ALP025
A Bigger Say For Small Business - creating a Small Business Consultative Council	-	-	-	-	0.0	ALP025
A Bigger Say For Small Business - New funding for the Council of Small Business Organisations of Australia	-0.2	-0.2	-	-	-0.4	ALP025
Permanent funding for the Small Business Commissioner	-	-	-	-0.5	-0.5	ALP025
Suburban Jobs Fund	-	-7.0	-7.0	-7.0	-21.0	ALP051
Growing the North: Expand the Ord Irrigation Scheme Stage 3	-5.0	-5.0	-	-	-10.0	ALP011
Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ^(f)	-10.7	-19.0	-	-	-29.7	ALP059
Small Business Investment Boost ^(f)	-28.5	-0.5	-19.7	-20.2	-68.9	ALP054
<i>Building Stronger Communities Fund</i>						PEFO p 30
Better Schools: Before and After	-52.7	-102.8	-127.3	-167.2	-449.9	
Quality upgrades to child care centres in Darwin and Palmerston	-0.5	-0.5	-	-	-1.0	ALP077
Kick-start the Stadium Northern Australia project	-	-15.0	-	-	-15.0	ALP077
Boosting Tools for your Trade ^(f)	-9.5	-0.1	-0.4	-5.6	-15.6	ALP058
Small Business Investment Boost ^(f)	-5.3	-4.5	-5.3	-5.1	-20.1	ALP054
Superannuation - NSW Police Force	-	-0.2	-1.1	-1.6	-2.9	ALP079
Glenelg Foreshore	-0.3	-0.3	-	-	-0.5	ALP077
Net impact of commitments against Fund	0.0	-0.5	-1.1	1.6	0.0	
<i>Healthier Communities - priority infrastructure program</i>						PEFO p 31
Ambulatory care unit at the Grafton Base Hospital	-	-5.0	-5.0	-	-10.0	ALP038
Feasibility study for Adelaide Women's and Children's Hospital redevelopment scoping study	-0.2	-	-	-	-0.2	ALP038
Lorne Community Hospital medical staff accommodation	-0.2	-	-	-	-0.2	ALP038
Wyong Hospital neo-natal resuscitation trolley	-0.0	-1.0	-	-	-1.0	ALP038
Net impact of commitments against Fund	1.6	15.0	-	-	16.6	
<i>Priority Health Initiatives</i>						PEFO p 31
Westmead Hospital	-	-40.0	-40.0	-20.0	-100.0	ALP041
Flinders Medical Centre - Neonatal Care	-5.0	-5.0	-5.0	-	-15.0	ALP041
Nepean Hospital - linear accelerator/mammogram machine	-	-10.0	-	-	-10.0	ALP041
Mt Druitt - full licence	-	-2.0	-2.0	-2.0	-6.0	ALP041
Millenium Institute - redevelopment	-6.0	-6.0	-	-	-12.0	ALP041
Children's Medical Research Institute - redevelopment	-5.0	-5.0	-	-	-10.0	ALP041
WA cancer specialist workforce	-2.0	-2.0	-3.0	-3.0	-10.0	ALP041
Chemotherapy chairs for RPA, Prince Charles and Royal Brisbane hospitals	-1.0	-3.0	-3.0	-3.0	-10.0	ALP041
Stroke care coordinators in Medicare Local networks	-5.0	-15.0	-15.0	-15.0	-50.0	ALP041
Cancer Care Nurse Coordinators in Regional Australia	-2.9	-3.3	-3.8	-5.1	-15.1	ALP041
St George Hospital Redevelopment	-	-17.0	-5.0	-	-22.0	ALP041
Emergency Funding for Biala Community Health Centre	-3.5	-	-	-	-3.5	ALP041
Net impact of commitments against Fund	-6.6	-1.5	6.5	3.5	1.9	
<i>Regional Development Projects in Northern Australia^(e)</i>	-9.0	-18.0	-9.0	-2.0	-38.0	ES p 61
<i>Sporting Communities Initiative^(e)</i>	-24.6	-28.9	0.0	0.0	-53.5	PEFO p 32; ALP067
Commitments from Funds - Total	-184.1	-306.6	-249.4	-254.5	-994.6	
Impact on the budget bottom line	-5.0	13.0	5.4	5.1	18.5	

Underlying cash balance	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m	Reference
ADDITIONAL LABOR ELECTION COMMITMENTS						
AGRICULTURE, FISHERIES AND FORESTRY						
Community Weed Management Fund	-1.0	-	-	-	-1.0	ALP002
Beetroot factory study in the Lockyer Valley ^(d)	-0.1	-	-	-	-0.1	
Fair Go for Farmers - independent mediator to negotiate a Food and Grocery Code of Conduct	-0.1	-0.1	-	-	-0.2	ALP021
Fair Go for Farmers - set of standardised contracts for produce supply ^(j)	-	-	-	-	0.0	ALP021
Assist Simplot growers through on farm productivity trial	-3.0	-3.5	-3.5	-	-10.0	ALP085
Continued roll-out of southern highlands irrigation scheme	-2.0	-5.0	-7.8	-	-14.8	ALP064
Centre for Regional and Rural Futures	-1.0	-2.0	-2.0	-	-5.0	ALP078
Food and Agricultural Careers Plan - 20 Agriculture and Food Job Expos	-2.0	-2.0	-2.5	-	-6.5	ALP074
Redirections from uncommitted funds	9.2	12.6	15.8	-	37.6	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY						
Fibre to the Football	-0.2	-	-	-	-0.2	ALP019
NBN: Connecting Classrooms	-3.0	-7.0	-5.0	-5.0	-20.0	ALP018
Redirections from uncommitted funds	3.2	7.0	5.0	5.0	20.2	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
DEFENCE						
Defence families to receive health assistance ^(c)	-24	-46	-47	-48	-164.4	ALP007
Establish a Future Navy Taskforce	-0	-4	-1	-	-5.0	ALP030
Bring forward acquisition of supply ships ⁽ⁱ⁾	-	-	-	-	0.0	
Confirm construction of 12 future submarines ⁽ⁱ⁾	-	-	-	-	0.0	
Redirections from existing resources	24.1	49.5	47.9	48.0	169.4	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS						
Better Schools: Before and After - Mychild website revamp	-1.1	-0.9	0.0	0.0	-2.0	ALP001
Workplace Health and Safety Fund	-1.0	-	-	-	-1.0	ALP004
Trade Training Centres ⁽ⁱ⁾	-40.0	-84.8	-85.0	-	-209.8	
Include dyslexia and other learning difficulties in the Nationally Consistent Collection of Data on School Students with Disability ^(j)	-	-	-	-	-	
Community language schools	-0.8	-1.8	-1.8	-1.8	-6.0	ALP053
Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ^(f)	-11.3	-23.1	-	-	-34.4	ALP059
GO foundation - contribution	-0.2	-	-	-	-0.2	ALP068
Redirections from uncommitted funds	53.6	111.1	86.8	1.8	253.2	
Portfolio Total	-0.7	0.6	0.0	0.0	-0.1	
FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS						
National Domestic Violence Crisis Service funding boost ^(b)	-5.1	-7.8	-7.8	-7.8	-28.5	ALP008
Upgrades for the Mutitjulu Health Clinic	-1.0	-	-	-	-1.0	ALP009
Boosting childhood immunisation rates across Australia	-	-	6.2	6.0	12.2	ALP014
Extend and boost support for Melbourne's five Adventure Playgrounds ^(c)	-0.1	-0.8	-0.8	-0.7	-2.5	ALP022
Additional support for people with disability, their carers and families	-	-5.1	-2.4	-2.4	-10.0	ALP048 to 050 and 055
Additional funding for social media campaign to reduce violence against women	-2.5	-1.5	-1.5	-1.5	-7.0	ALP057
Supporting the Touched by Olivia Foundation to deliver more inclusive playgrounds	-0.1	-	-	-	-0.1	ALP076
Redirections from uncommitted funds	8.8	15.2	12.6	12.5	49.0	
Portfolio Total	0.0	0.0	6.2	6.0	12.2	

Underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total	Reference
	\$m	\$m	\$m	\$m	\$m	
HEALTH AND AGEING						
New Palmerston Hospital	-	-20.0	-11.5	-8.5	-40.0	ALP045
Establishment of Hummingbird House - a new children's hospice for East Brisbane	-0.8	-0.8	-0.8	-0.8	-3.1	ALP003
Emergency Asthma Training and Awareness	-3.3	-3.5	-3.7	-	-10.5	ALP013
Minister's Research Fellowship in Ending HIV	-1.0	-1.0	-1.0	-1.0	-4.0	ALP036
Support to Arthritis Australia ^(b)	-1.3	-1.2	-	-	-2.5	ALP043
Active Ageing projects	-	-10.0	-10.0	-	-20.0	ALP035
Medical Research Innovation Fund	-	-	-	-	-	ALP023
Initial response to the 2013 McKeon Review of Health and Medical Research ^(c)	-21.0	-12.7	-12.4	-11.7	-57.8	ALP046
Building a strong mental health system for Australia	-4.8	-21.4	-28.2	-28.9	-83.3	ALP047
Master Plan for health in Northern Geelong	-	-1.0	-	-	-1.0	ALP066
Prince of Wales Hospital - contribution	-7.5	-7.5	-7.5	-7.5	-30.0	ALP073
Preventative Health Research Centre ^(c)	-3.8	-3.8	-3.1	-2.3	-12.9	ALP075
Improving the Lives of People with Dementia - Honouring the Legacy of Hazel Hawke	-4.7	-3.2	-1.0	-1.0	-9.9	ALP072
Redirections from uncommitted funds	60.2	79.2	66.6	51.5	257.4	
Portfolio Total	12.0	-6.9	-12.6	-10.1	-17.6	
IMMIGRATION AND CITIZENSHIP						
Help Adult Migrant English Program providers build innovative partnerships with employers and industry ^(d)	-	-	-	-	-	ALP028
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION						
New Car Plan for the 2020s ^(c)	-	-	-	-	-	ALP012
Australian Innovation Partnerships - increase to 12	-3.0	-3.0	-3.0	-3.0	-12.0	ALP010
Feasibility study for university presence in areas of low higher education participation	-2.5	-	-	-	-2.5	ALP029
National Floating Systems Research Centre	-9.7	-13.6	-6.7	-	-30.0	ALP033
Supporting Caterpillar's ongoing operations in Burnie ^(c)	-2.0	-3.0	-	-	-5.0	ALP062
Modernise and upgrade Simplot Australia's facilities ^(c)	-6.0	-5.0	-	-	-10.0	ALP052
A Secure Future for TAFE	-	-	-	-	-	
Boosting Tools for your Trade ^(f)	-	-11.3	-11.4	-11.4	-34.1	ALP058
More Jobs and Training for Australian Workers - Australian Industry Participation Plans	-	-	-	-	-	
Back SPC Ardmona's modernisation plan ^(c)	-10.0	-10.0	-	-	-20.0	ALP056
Establish Australian Universities Press	-4.0	-4.0	-4.0	-	-12.0	ALP061
Cooperative Research Centre - antibiotic-resistant bacteria ^{(c)(g)}	-	-	-	-	-	
University of Tasmania's Northern Health Initiative	-10.0	-10.0	-4.0	-4.0	-28.0	ALP063
Gosford University College	-	-12.0	-	-	-12.0	ALP071
Houston-based industry engagement service ⁽ⁱ⁾	-0.3	-0.3	-	-	-0.6	ALP060
Redirections from uncommitted funds	67.7	67.0	18.5	13.0	166.2	
Portfolio Total	21.2	-5.2	-10.6	-5.4	0.0	
INFRASTRUCTURE AND TRANSPORT						
Safer trucks and buses - mandating ABS on new vehicles	-	-	-	-	-	
Outer Suburban Growth Taskforce ^(j)	-	-	-	-	-	
Establish a High Speed Rail Authority	-20.0	-10.0	-5.0	-20.0	-55.0	ALP024
Tasmanian Freight Package	-9.5	-9.5	-	-	-19.0	ALP027
Nation Building Program ^(c)	-	-	-	-	-	ALP026
Liveable Communities ^{(e)(k)}	-35.5	-42.5	-30.0	-	-108.0	ALP032
Redirections from uncommitted funds	65.0	62.0	35.0	20.0	182.0	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS AND SPORT						
Innovative music education programs for school students ^(b)	-	-	-	-	-	
Regional Development Australia Fund - Round 5b ^{(c)(e)}	-12.6	-115.9	-21.8	-20.0	-170.3	ALP031; ALP005
Redirections from uncommitted funds	12.6	115.9	21.8	20.0	170.3	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	

Underlying cash balance	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m	Reference
SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES						
New Water Recovery Initiatives in the Murray-Darling Basin	-40.0	-	-	-	-40.0	ALP042
Victorian Farm Modernisation Project ^(c)	-11.9	-11.1	-28.8	-29.9	-81.7	ALP037
Additional support for the Save the Tasmanian Devil program ^(c)	-1.0	-1.0	-	-	-2.0	ALP069
Construction of a permanent walkway to cater for the annual 5 Lands Walk	-0.5	-2.0	-	-	-2.5	ALP069
Additional investments to protect the Great Barrier Reef ^(c)	-7.2	-5.4	-	-	-12.6	ALP069
Projects to improve Hobart's waterways	-0.5	-	-	-	-0.5	ALP069
Protecting Australia's National Parks - Expert Advisory Committee	-0.8	-1.6	-	-	-2.4	ALP069
Redirections from uncommitted funds	61.9	21.1	28.8	29.9	141.7	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
TREASURY						
Cutting Business Red Tape - reducing the burden of GST ⁽ⁱ⁾	-	-	-	-	-	ALP015
Small Business Investment Boost ^(f)	-	-150.0	-150.0	100.0	-200.0	ALP054
Redirections from uncommitted funds	45.2	38.1	91.5	25.3	200.1	
Portfolio Total	45.2	-111.9	-58.5	125.3	0.1	
Total Impact of Measures	72.7	-110.4	-70.1	120.9	13.1	
Memorandum item: impact on public debt interest	1.3	0.7	-2.5	-1.8	-2.3	
Total Impact of commitments on the Underlying Cash Balance	74.0	-109.7	-72.6	119.1	10.7	

Notes Totals may not add due to rounding.

(a) Grant decisions made while in Government, but announced during the campaign period, are generally not included in this table.

(b) This item has additional funding paid in 2013-13.

(c) This item has additional funding committed beyond the forward estimates.

(d) Providing up to \$125,000 from existing funding under the National Food Plan to undertake feasibility and planning work to make the processing facility shovel ready.

(e) Individual projects under these programs were announced in various ALP campaign releases.

(f) This commitment appears multiple times in the table as it was offset from various sources.

(g) Federal Labor has identified this as a priority for the next CRC round. The outcome will be determined by the CRC Board and funded from existing CRC funding.

(h) This measure was included in the estimates at Budget so has no impact on the forward estimates.

(i) This measure was costed by Treasury as 'small but unquantifiable'.

(j) Funding for this commitment will be met from the existing budget allocation or absorbed from existing resources.

(k) Liveable Communities includes \$95.0m already provisioned in the Budget, and an additional \$13.0m that would be reallocated from the existing Nation Building program.

Further information on these commitments is available at www.alp.org.au and www.electioncostings.gov.au

Attachment D

PBO list of election commitments provided to the ALP



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

The Hon Chris Bowen MP
Acting Leader
Australian Labor Party
Parliament House
CANBERRA ACT 2600

Dear Mr Bowen

Thank you for the list of election commitments provided by the Australian Labor Party (ALP) to the Parliamentary Budget Office (PBO) on 6 September 2013. This list was posted on the PBO website on the day after polling day.

In accordance with Section 64MA of the *Parliamentary Service Act 1999* (the Act), I am providing you with a list of the ALP's publicly announced policies that, in my best professional judgement, would have a material impact on the Commonwealth budget. I propose to include this list of ALP election commitments in the post-election report on election commitments.

The attached list has been prepared having regard to the information provided by the ALP and public announcements made by the ALP before and during the caretaker period for the 2013 general election. I have not identified any election commitments additional to the list of commitments already provided by the ALP. Hence the attached list is identical to the list provided to me by the ALP on 6 September 2013.

Consistent with subsection 64MA(8) of the Act, I would appreciate receiving any comments that you may have on the attached list within three days of receipt of this correspondence.

Under Section 64MAA of the Act the post-election report must include any comments that you provide to me. If you do not provide me with any comments, the post-election report must include a statement to this effect.

Yours sincerely

Phil Bowen
20 September 2013

Parliamentary Budget Officer's list of the Australian Labor Party's 2013 election commitments

1

BUDGET IMPACT OF FEDERAL LABOR COMMITMENTS ⁽⁹⁾					6 September 2013	
Underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total	Reference
	\$m	\$m	\$m	\$m	\$m	
Measures confirmed in the Economic Statement (ES)						
Fair Go for Farmers - National Register of Foreign Ownership of Agricultural Land	-1.3	-0.9	-0.5	-0.5	-3.2	ES p 50
Australian Commission for Law Enforcement Integrity additional funding	-1.2	-2.2	-2.3	-2.3	-8.0	ES p 66
Boost! For World Class Australian ICT Research	-	-	-42.0	-	-42.0	ES p 67 & 60; ALP008
Digital Business Kits	-	-	-	-	0.0	ES p 57
Centre for Quality Teaching and Learning at the University of Canberra ⁽¹⁾	-	-	-	-	0.0	ES p 57
Bureau of Meteorology's capacity to respond to extreme weather - frontline services and supercomputing capability and natural disasters ⁽²⁾	-17.6	-12.4	-13.3	-15.3	-58.5	ES p 62
South Australian River Murray Sustainability Program ⁽³⁾	-30.2	-65.1	-80.1	-65.1	-230.5	ES p 62 & 63
Economic Statement Total	-50.3	-70.6	-138.2	-83.2	-342.2	
Impact on the budget bottom line	0.0	0.0	0.0	0.0	0.0	
Measures confirmed in the Pre-Election Economic and Fiscal Outlook						
Extend the Secure Schools Program	-10.0	-	-	-	-10.0	PEFO p 30
Extend the Forestry Workers Assistance Project delivered by ForestWorks	-	-1.2	-1.2	-	-2.4	PEFO p 30
Extend Teach for Australia	-4.4	-5.0	-6.4	-6.4	-22.8	PEFO p 30
Initiatives Supporting Innovation in Teacher Education (inSITE)	-0.8	-1.9	-2.8	-2.6	-8.1	PEFO p 30
Additional funding for the Parliament and Civics Education Rebate program	-1.4	-1.6	-1.7	-1.8	-6.5	PEFO p 30
Expand Foundation for Young Australians' Safe Schools Coalition program	-2.0	-2.0	-2.0	-2.0	-8.0	PEFO p 30
Strengthen the Transition to Independent Living Allowance	-	-	-	-	0.0	PEFO p 31
Action Plan for Foetal Alcohol Spectrum Disorder ⁽⁴⁾	-2.0	-2.6	-1.8	-1.7	-8.8	PEFO p 31; ALP044
Prevention Program and Research to Address Increasing Rates of Sexually Transmissible Infections and Blood Borne Viruses	-9.5	-7.3	-4.3	-3.9	-25.0	PEFO p 31
Ageed Care - support for culturally and linguistically diverse communities	-2.7	-5.2	-12.1	-12.4	-32.5	PEFO p 31
Epworth Health Care Geelong hospital - complex care unit ⁽⁵⁾	-	-	-	-	0.0	PEFO p 31
Redevelopment of the Victorian Eye and Ear Hospital	-	-50.0	-50.0	-	-100.0	PEFO p 31 & 33
Extend the Small Business Superannuation Clearing House to businesses with less than 100 employees	-2.7	-0.9	-0.5	-0.6	-4.8	PEFO p 31; ALP017
Streamline administrative requirements for small businesses under the Paid Parental Leave scheme	-7.9	-1.0	-0.8	-0.8	-10.5	PEFO p 31; ALP016
Extra Support for the Car Industry	-100.0	-100.0	-	-	-200.0	PEFO p 32
Investment in Toyota Australia's Future ⁽⁶⁾	-6.9	-16.7	-1.0	-1.0	-27.6	PEFO p 32
Manufacturing Skills Plus	-17.8	-17.8	-	-	-35.6	PEFO p 32
Skilling for Better Services	-15.3	-15.3	-	-	-30.6	PEFO p 32
A New Way - Step into Skills	-6.7	-17.5	-8.8	-	-35.0	PEFO p 32
Strengthening Australia's Search & Rescue Service	-3.2	-1.8	-2.9	-11.1	-19.0	PEFO p 32
Major Upgrade of Brookvale Oval	-5.0	-5.0	-	-	-10.0	PEFO p 32
Hefron Park - High Performance Community Centre	-11.2	-4.8	-	-	-16.0	PEFO p 32
Football and netball funding for the NT	-0.3	-0.6	-	-	-0.9	PEFO p 32
Upgrade of the Brisbane Inner North Sporting Community	-0.7	-0.1	-	-	-0.8	PEFO p 32
Upgrade of Meakin Park Junior Sporting Association facilities	-0.5	-0.1	-	-	-0.5	PEFO p 32
Upgrade of the Peninsula Strikers Football Club	-0.1	-	-	-	-0.1	PEFO p 32
Development of the Pilbara's first green grass golf course	-0.4	-	-	-	-0.4	PEFO p 32
Enhancing our Creative Engagement with Asia - scholarships between Australian and Asian arts centres	-0.5	-0.5	-0.5	-0.5	-1.8	PEFO p 32
Upgrade of the Adelaide Airport Stadium (Thebarton Oval)	-4.6	-2.0	-	-	-6.6	PEFO p 33
PEFO Total	-219.3	-263.5	-96.7	-44.8	-624.3	
Impact on the budget bottom line	0.0	0.0	0.0	0.0	0.0	

ATTACHMENT

2

Underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total	Reference
	\$m	\$m	\$m	\$m	\$m	
Measures from Funds identified in Economic Statement and PEFO - no impact on the budget bottom line						
<i>Economic Competitiveness Fund</i>						
Small Business NBN Innovation Fund	-2.0	-3.0	-3.0	-2.0	-10.0	PEFO p 32
A Bigger Say For Small Business - small business advisor to the Fair Work Ombudsman	-0.2	-0.3	-0.3	-0.3	-1.1	ALP025
A Bigger Say For Small Business - creating a Small Business Consultative Council	-	-	-	-	0.0	ALP025
A Bigger Say For Small Business - New funding for the Council of Small Business Organisations of Australia	-0.2	-0.2	-	-	-0.4	ALP025
Permanent funding for the Small Business Commissioner	-	-	-	-0.5	-0.5	ALP025
Suburban Jobs Fund	-	-7.0	-7.0	-7.0	-21.0	ALP051
Growing the North: Expand the Ord Irrigation Scheme Stage 3	-5.0	-5.0	-	-	-10.0	ALP011
Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ⁽¹⁾	-10.7	-19.0	-	-	-29.7	ALP059
Small Business Investment Boost ⁽²⁾	-28.5	-0.5	-19.7	-20.2	-68.9	ALP054
<i>Building Stronger Communities Fund</i>						
Better Schools: Before and After	-52.7	-102.3	-127.3	-187.2	-449.9	PEFO p 30
Quality upgrades to child care centres in Darwin and Palmerston	-0.5	-0.5	-	-	-1.0	ALP077
Kick-start the Stadium Northern Australia project	-	-15.0	-	-	-15.0	ALP077
Boosting Tools for your Trade ⁽³⁾	-0.5	-0.1	-0.4	-5.6	-15.6	ALP053
Small Business Investment Boost ⁽²⁾	-5.3	-4.5	-5.3	-5.1	-20.1	ALP054
Superannuation - NSW Police Force	-	-0.2	-1.1	-1.6	-2.9	ALP070
Glenelg Foreshore	-0.3	-0.3	-	-	-0.5	ALP077
Net impact of commitments against Fund	0.0	-0.5	-1.1	1.6	0.0	
<i>Healthier Communities - priority infrastructure program</i>						
Ambulatory care unit at the Grafton Base Hospital	-	-5.0	-5.0	-	-10.0	PEFO p 31
Feasibility study for Adelaide Women's and Children's Hospital redevelopment scoping study	-0.2	-	-	-	-0.2	ALP038
Lorne Community Hospital medical staff accommodation	-0.2	-	-	-	-0.2	ALP038
Wyong Hospital neo-natal resuscitation trolley	-0.0	-1.0	-	-	-1.0	ALP038
Net impact of commitments against Fund	1.6	15.0	-	-	16.6	
<i>Priority Health Initiatives</i>						
Westmead Hospital	-	-40.0	-40.0	-20.0	-100.0	PEFO p 31
Flinders Medical Centre - Neonatal Care	-5.0	-5.0	-5.0	-	-15.0	ALP041
Napier Hospital - linear accelerator/mammogram machine	-	-10.0	-	-	-10.0	ALP041
Mt Druitt - full licence	-	-2.0	-2.0	-2.0	-6.0	ALP041
Millennium Institute - redevelopment	-8.0	-8.0	-	-	-12.0	ALP041
Children's Medical Research Institute - redevelopment	-5.0	-5.0	-	-	-10.0	ALP041
WA cancer specialist workforce	-2.0	-2.0	-3.0	-3.0	-10.0	ALP041
Chemotherapy chairs for RPA, Prince Charles and Royal Brisbane hospitals	-1.0	-3.0	-3.0	-3.0	-10.0	ALP041
Stroke care coordinators in Medicare Local networks	-5.0	-15.0	-15.0	-15.0	-50.0	ALP041
Cancer Care Nurse Coordinators in Regional Australia	-2.0	-3.3	-3.8	-5.1	-15.1	ALP041
St George Hospital Redevelopment	-	-17.0	-5.0	-	-22.0	ALP041
Emergency Funding for Biala Community Health Centre	-3.5	-	-	-	-3.5	ALP041
Net impact of commitments against Fund	-6.6	-1.5	6.5	3.6	1.9	
<i>Regional Development Projects in Northern Australia⁽⁴⁾</i>						
	-0.0	-18.0	-0.0	-2.0	-38.0	ES p 61
<i>Sporting Communities Initiative⁽⁵⁾</i>						
	-24.6	-28.0	0.0	0.0	-53.5	PEFO p 32; ALP057
Commitments from Funds - Total	-184.1	-306.6	-249.4	-254.5	-994.6	
Impact on the budget bottom line	-5.0	13.0	5.4	5.1	16.5	

A New Way

Federal Labor 2013 Election policies

Underlying cash balance	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m	Reference
ADDITIONAL LABOR ELECTION COMMITMENTS						
AGRICULTURE, FISHERIES AND FORESTRY						
Community Weed Management Fund	-1.0	-	-	-	-1.0	ALP002
Beetroot factory study in the Lockyer Valley ⁽²⁾	-0.1	-	-	-	-0.1	
Fair Go for Farmers - independent mediator to negotiate a Food and Grocery Code of Conduct	-0.1	-0.1	-	-	-0.2	ALP021
Fair Go for Farmers - set of standardised contracts for produce supply ⁽³⁾	-	-	-	-	0.0	ALP021
Assist 5 pilot growers through on farm productivity trial	-3.0	-3.5	-3.5	-	-10.0	ALP005
Continued roll-out of southern highlands irrigation scheme	-2.0	-5.0	-7.8	-	-14.8	ALP084
Centre for Regional and Rural Futures	-1.0	-2.0	-2.0	-	-5.0	ALP078
Food and Agricultural Careers Plan - 20 Agriculture and Food Job Expos	-2.0	-2.0	-2.5	-	-6.5	ALP074
Redirections from uncommitted funds	9.2	12.6	15.8	-	37.6	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY						
Fibre to the Football	-0.2	-	-	-	-0.2	ALP019
NBN: Connecting Classrooms	-3.0	-7.0	-5.0	-5.0	-20.0	ALP018
Redirections from uncommitted funds	3.2	7.0	5.0	5.0	20.2	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
DEFENCE						
Defence families to receive health assistance ⁽⁴⁾	-24	-46	-47	-48	-164.4	ALP007
Establish a Future Navy Taskforce	-0	-4	-1	-	-5.0	ALP030
Bring forward acquisition of supply ships ⁽⁵⁾	-	-	-	-	0.0	
Confirm construction of 12 future submarines ⁽⁶⁾	-	-	-	-	0.0	
Redirections from existing resources	24.1	49.5	47.9	45.0	166.4	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS						
Better Schools: Before and After - Mychild website revamp	-1.1	-0.9	0.0	0.0	-2.0	ALP001
Workplace Health and Safety Fund	-1.0	-	-	-	-1.0	ALP004
Trade Training Centres ⁽⁷⁾	-40.0	-84.8	-85.0	-	-209.8	
Include dyslexia and other learning difficulties in the Nationally Consistent Collection of Data on School Students with Disability ⁽⁸⁾	-	-	-	-	-	
Community language schools	-0.8	-1.8	-1.8	-1.8	-6.0	ALP053
Jobs, Training and Apprenticeship Guarantee - Jobs and Training Boards ⁽⁹⁾	-11.3	-23.1	-	-	-34.4	ALP059
GO foundation - contribution	-0.2	-	-	-	-0.2	ALP088
Redirections from uncommitted funds	53.0	111.1	86.8	1.5	252.2	
Portfolio Total	-0.7	0.6	0.0	0.0	-0.1	
FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS						
National Domestic Violence Crisis Service funding boost ⁽¹⁰⁾	-5.1	-7.8	-7.8	-7.8	-28.5	ALP008
Upgrades for the Muttjulu Health Clinic	-1.0	-	-	-	-1.0	ALP009
Boosting childhood immunisation rates across Australia	-	-	6.2	6.0	12.2	ALP014
Extend and boost support for Melbourne's five Adventure Playgrounds ⁽¹¹⁾	-0.1	-0.8	-0.8	-0.7	-2.5	ALP022
Additional support for people with disability, their carers and families	-	-5.1	-2.4	-2.4	-10.0	ALP048 to 050 and 055
Additional funding for social media campaign to reduce violence against women	-2.5	-1.5	-1.5	-1.5	-7.0	ALP057
Supporting the Touched by Olivia Foundation to deliver more inclusive playgrounds	-0.1	-	-	-	-0.1	ALP076
Redirections from uncommitted funds	8.8	15.2	12.6	12.5	49.0	
Portfolio Total	0.0	0.0	6.2	6.0	12.2	

ATTACHMENT

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Underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total	Reference
	\$m	\$m	\$m	\$m	\$m	
HEALTH AND AGEING						
New Palmerston Hospital	-	-20.0	-11.5	-8.5	-40.0	ALP045
Establishment of Hummingbird House - a new children's hospice for East Brisbane	-0.8	-0.8	-0.8	-0.8	-3.1	ALP003
Emergency Asthma Training and Awareness	-3.3	-3.5	-3.7	-	-10.5	ALP013
Minister's Research Fellowship in Ending HIV	-1.0	-1.0	-1.0	-1.0	-4.0	ALP038
Support to Arthritis Australia ⁽¹⁾	-1.3	-1.2	-	-	-2.5	ALP043
Active Ageing projects	-	-10.0	-10.0	-	-20.0	ALP035
Medical Research Innovation Fund	-	-	-	-	-	ALP023
Initial response to the 2013 McKeon Review of Health and Medical Research ⁽²⁾	-21.0	-12.7	-12.4	-11.7	-57.8	ALP046
Building a strong mental health system for Australia	-4.8	-21.4	-28.2	-28.9	-83.3	ALP047
Master Plan for health in Northern Geelong	-	-1.0	-	-	-1.0	ALP066
Prince of Wales Hospital - contribution	-7.5	-7.5	-7.5	-7.5	-30.0	ALP073
Preventative Health Research Centre ⁽³⁾	-3.8	-3.8	-3.1	-2.3	-12.9	ALP076
Improving the Lives of People with Dementia - Honouring the Legacy of Hazel Hawke	-4.7	-3.2	-1.0	-1.0	-9.9	ALP072
Redirections from uncommitted funds	60.2	79.2	66.6	51.5	257.4	
Portfolio Total	12.0	-6.9	-12.6	-10.1	-17.6	
IMMIGRATION AND CITIZENSHIP						
Help Adult Migrant English Program providers build innovative partnerships with employers and industry ⁽⁴⁾	-	-	-	-	-	ALP028
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION						
New Car Plan for the 2020s ⁽⁵⁾	-	-	-	-	-	ALP012
Australian Innovation Partnerships - increase to 12	-3.0	-3.0	-3.0	-3.0	-12.0	ALP010
Feasibility study for university presence in areas of low higher education participation	-2.5	-	-	-	-2.5	ALP026
National Floating Systems Research Centre	-9.7	-13.6	-6.7	-	-30.0	ALP033
Supporting Caterpillar's ongoing operations in Burnie ⁽⁶⁾	-2.0	-3.0	-	-	-5.0	ALP062
Modernise and upgrade Simplot Australia's facilities ⁽⁷⁾	-5.0	-6.0	-	-	-10.0	ALP052
A Secure Future for TAFE	-	-	-	-	-	
Boosting Tools for your Trade ⁽⁸⁾	-	-11.3	-11.4	-11.4	-34.1	ALP058
More Jobs and Training for Australian Workers - Australian Industry Participation Plans	-	-	-	-	-	
Back SPC Ardmona's modernisation plan ⁽⁹⁾	-10.0	-10.0	-	-	-20.0	ALP056
Establish Australian Universities Press	-4.0	-4.0	-4.0	-	-12.0	ALP061
Cooperative Research Centre - antibiotic-resistant bacteria ⁽¹⁰⁾	-	-	-	-	-	
University of Tasmania's Northern Health Initiative	-10.0	-10.0	-4.0	-4.0	-28.0	ALP063
Gosford University College	-	-12.0	-	-	-12.0	ALP071
Houston-based industry engagement service ⁽¹¹⁾	-0.3	-0.3	-	-	-0.6	ALP060
Redirections from uncommitted funds	67.7	67.0	18.5	13.0	166.2	
Portfolio Total	21.2	-3.2	-10.8	-5.4	0.0	
INFRASTRUCTURE AND TRANSPORT						
Safer trucks and buses - mandating ABS on new vehicles	-	-	-	-	-	
Outer Suburban Growth Taskforce ⁽¹²⁾	-	-	-	-	-	
Establish a High Speed Rail Authority	-20.0	-10.0	-5.0	-20.0	-55.0	ALP024
Tasmanian Freight Package	-9.5	-9.5	-	-	-19.0	ALP027
Nation Building Program ⁽¹³⁾	-	-	-	-	-	ALP026
Liveable Communities ⁽¹⁴⁾	-35.5	-42.5	-30.0	-	-108.0	ALP032
Redirections from uncommitted funds	65.0	62.0	35.0	20.0	182.0	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS AND SPORT						
Innovative music education programs for school students ⁽¹⁵⁾	-	-	-	-	-	
Regional Development Australia Fund - Round 5b ⁽¹⁶⁾	-12.6	-115.9	-21.5	-20.0	-170.0	ALP031; ALP006
Redirections from uncommitted funds	12.6	115.9	21.5	20.0	170.0	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	

A New Way

Federal Labor 2013 Election policies

Underlying cash balance	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m	Reference
SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES						
New Water Recovery Initiatives in the Murray-Darling Basin	-40.0	-	-	-	-40.0	ALP042
Victorian Farm Modernisation Project ^(a)	-11.9	-11.1	-28.8	-29.0	-81.7	ALP037
Additional support for the Save the Tasmanian Devil program ^(c)	-1.0	-1.0	-	-	-2.0	ALP069
Construction of a permanent walkway to cater for the annual 5 Lands Walk	-0.5	-2.0	-	-	-2.5	ALP069
Additional investments to protect the Great Barrier Reef ^(c)	-7.2	-5.4	-	-	-12.6	ALP069
Projects to improve Hobart's waterways	-0.5	-	-	-	-0.5	ALP069
Protecting Australia's National Parks - Expert Advisory Committee	-0.8	-1.8	-	-	-2.4	ALP069
Redirections from uncommitted funds	61.9	21.1	28.8	29.9	141.7	
Portfolio Total	0.0	0.0	0.0	0.0	0.0	
TREASURY						
Cutting Business Red Tape - reducing the burden of GST ^(d)	-	-	-	-	-	ALPD15
Small Business Investment Boost ^(e)	-	-150.0	-150.0	100.0	-200.0	ALP054
Redirections from uncommitted funds	45.2	38.1	91.5	25.3	200.1	
Portfolio Total	45.2	-111.9	-58.5	125.3	0.1	
Total Impact of Measures	72.7	-110.4	-70.1	120.9	13.1	
Memorandum item: impact on public debt interest	1.3	0.7	-2.5	-1.2	-2.3	
Total Impact of commitments on the Underlying Cash Balance	74.0	-109.7	-72.6	119.1	10.7	

Notes: Totals may not add due to rounding.

(a) Grant decisions made while in Government, but announced during the campaign period, are generally not included in this table.

(b) This item has additional funding paid in 2013-13.

(c) This item has additional funding committed beyond the forward estimates.

(d) Providing up to \$125.000 from existing funding under the National Food Plan to undertake feasibility and planning work to make the processing facility shovel ready.

(e) Individual projects under these programs were announced in various ALP campaign messages.

(f) This commitment appears multiple times in the table as it was offset from various sources.

(g) Federal Labor has identified this as a priority for the next CRC round. The outcome will be determined by the CRC Board and funded from existing CRC funding.

(h) This measure was included in the estimates at Budget so has no impact on the forward estimates.

(i) This measure was costed by Treasury as 'small but unquantifiable'.

(j) Funding for this commitment will be met from the existing budget allocation or absorbed from existing resources.

(k) Liveable Communities includes \$95.0m already provisioned in the Budget, and an additional \$13.0m that would be reallocated from the existing Nation Building program.

Further information on these commitments is available at www.alp.org.au and www.electioncostings.gov.au

Attachment E

Costing documentation for Coalition election commitments

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COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue business compensation measures
Summary of proposal:	The proposal will discontinue business compensation measures in the Clean Energy Future (CEF) package. A full list of the programs included in this costing is at Attachment A .
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • The Treasury • Department of Environment • Department of Industry

Costing overview

Discontinuing the business compensation measures in the Clean Energy Future (CEF) package is estimated to increase the underlying cash balance by \$1.0 billion and increase the fiscal balance by \$5.3 billion over the 2013-14 Budget forward estimates period.

A detailed breakdown of the components of the costing are included at [Attachment B](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact primarily because free permits under the Jobs and Competitiveness Program (JCP) have no direct impact on the underlying cash balance.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

The costing is considered to be of low reliability as the savings are sensitive to the Government's ability to recover funding that has been contractually committed. Savings from discontinuing free permits under the JCP are dependent on the projections of future market carbon prices from the Pre-election Economic and Fiscal Outlook report.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	380	340	290
Fiscal balance (\$m)	-	1,060	1,750	2,480

(a) A positive number for the fiscal balance indicates a net decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has applied the policy specification underlying the party's published estimates of the financial impact of this proposal.

In addition, the PBO has made the following assumptions:

- Consistent with the published party estimates, the policy to discontinue business compensation measures is in place by 1 July 2014.
- The costing assumes that program funding which has not been contractually committed could be saved.
- That for funding that has been contractually committed but not yet spent, 50 per cent of this spending could be saved from each program.
- The PBO has assumed that departmental funding for the programs being discontinued could be saved.
- The amount of savings expected to be obtained by discontinuing the provision of JCP free permits depends on the future carbon price that would have occurred if the carbon pricing mechanism were in place.
 - The carbon prices used to undertake this costing are the same as in the Pre-Election Economic and Fiscal Outlook (PEFO) report (\$6.20 in 2014-15, \$12.50 in 2015-16 and \$18.90 in 2016-17). PEFO notes that "the carbon price path to 2020 is subject to considerable uncertainty." PEFO also states that these estimates reflect:
 - : in the forecast year of 2014-15, a three-month average of futures market prices, and
 - : in the projection years of 2015-16 and 2016-17, a linear transition from the market price in 2014-15 to the longer-term modelled price of \$38 in 2019-20 from the *Strong Growth, Low Pollution* report.

Methodology

The financial impact of this proposal has been calculated by estimating the amount of funding that could be saved if the specified CEF programs were discontinued. In doing so the PBO has estimated the amount of contractually committed and departmental funding that could be returned to the budget.

Details of the costing of the reversal of the 2011-12 Mid-year Economic and Fiscal Outlook measure *Clean Energy Future – Supporting jobs – increase in the instant asset write off threshold to \$6,500* that forms part of the policy to discontinue business compensation measures are provided in a separate costing minute titled "Removal of the Mining Tax Package – Discontinue instant asset write-off increase", along with costing for reversing the 2010-11 Budget measure *Stronger, fairer, simpler tax reform - small business instant asset write off and simplified pooling* that forms part of the policy to remove measures associated with the mining tax package.

All figures in this costing have been rounded to the nearest \$5 million.

POLICY COSTING – POST ELECTION REPORT

Data sources

- Carbon price information was obtained from the 2013 Pre-Election Economic and Fiscal Outlook report.
- Program costs for the programs being discontinued were obtained from relevant agencies.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A – LIST OF MEASURES

The following list of measures, as announced in the 2011-12 Mid-year Economic and Fiscal Outlook, have been included in this costing:

- *Clean Energy Future – Supporting Jobs – Clean Energy Skills Package*
- *Clean Energy Future – Supporting Jobs – clean technology focus for supply chain programs*
- *Clean Energy Future – Supporting Jobs – Clean Technology Program*
- *Clean Energy Future – Supporting Jobs – coal mining*
- *Clean Energy Future – Supporting Jobs – Energy Efficiency Information Grants*
- *Clean Energy Future – Supporting Jobs – Jobs and Competitiveness Program*
- *Clean Energy Future – Supporting Jobs – Steel Transformation Plan*
- *Clean Energy Future – Supporting Jobs – increase in the instant asset write-off threshold to \$6,500**

*Costed separately, together with the reversal of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform - small business instant asset write off and simplified pooling*. See the costing titled “Discontinue instant asset write-off increase” for details.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT B – DETAILED FINANCIAL IMPLICATIONS

Table B1: Discontinuing the jobs and competitiveness package - Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	680	1,410	2,190

(a) A positive number for the fiscal balance indicates a net decrease in expenses in accrual terms.

Table B2: Abolish the increase in the instant asset write-off from \$5,000 to \$6,500 - Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	80	60	65
Fiscal balance (\$m)	-	80	60	65

(a) A positive number for the fiscal balance indicates a net decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure in cash terms.

Table B3: Other measures - Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	300	280	225
Fiscal balance (\$m)	-	300	280	225

(a) A positive number for the fiscal balance indicates a net decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue energy market compensation measures
Summary of proposal:	The proposal will discontinue the energy market compensation measures by abolishing the provision of free permits under the Energy Security Fund (ESF) and Loans for future vintage units (LFVU) Program.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Discontinuing the energy market compensation measures is expected to decrease the underlying cash balance by \$13 million and increase the fiscal balance by \$476 million over the 2013-14 Budget forward estimates period. The financial impact of this proposal includes reduced expenditure on the ESF and LFVU programs and reduced revenue from foregone interest on loans made under the LFVU program.

The underlying cash balance impact of this proposal differs from the fiscal balance impact primarily because free permits provided under the ESF have no direct financial impact on the underlying cash balance.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

This costing is considered to be of medium reliability as it is dependent on the projections of future market carbon prices from the Pre-election Economic and Fiscal Outlook report.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	2	-3	-12
Fiscal balance (\$m)	-	507	-13	-18

(a) A positive number for the fiscal balance indicates a net decrease in expenses and a negative number indicates a net decrease in revenue in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure and a negative number indicates a net decrease in receipts in cash terms.

Key assumptions

The PBO has applied the policy specification underlying the party's published estimates of the financial impact of this proposal.

POLICY COSTING – POST ELECTION REPORT

In addition, the PBO has made the following assumptions:

- Consistent with the published party estimates, the policy to discontinue energy market compensation measures is in place by 1 July 2014.
- The amount of savings expected to be obtained by discontinuing the provision of free permits depends on the future carbon price that would have occurred in 2014-15 if the carbon pricing mechanism were in place.
 - The 2014-15 carbon price used to undertake this costing is \$6.20, the same as in the Pre-Election Economic and Fiscal Outlook (PEFO). PEFO notes that “the carbon price path to 2020 is subject to considerable uncertainty.”
- No advance auctions of permits will occur in 2013-14 and no further loans will be made under the LFFU program.

Methodology

The financial impact of this proposal has been calculated by estimating the amount of funding that could be saved if the ESF and LFFU programs were discontinued.

Data sources

- Carbon price information was obtained from the 2013 Pre-Election Economic and Fiscal Outlook report.
- The program costs for the ESF and LFFU program were obtained from Treasury.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue land initiatives and unnecessary bureaucracies
Summary of proposal:	This proposal will discontinue the land initiatives and certain bureaucracies that were established under the Clean Energy Future package. A full list of the measures included in this costing is at Attachment A .
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • The Treasury • Department of Environment • Department of Industry • Department of Agriculture • Productivity Commission

Costing overview

Discontinuing the land initiatives and certain bureaucracies that were established under the Clean Energy Future package is estimated to increase the underlying cash and fiscal balances by \$300 million over the 2013-14 Budget forward estimates period. This impact entirely reflects a decrease in expenditure.

This proposal will have an ongoing financial impact which extends beyond the forward estimates period.

This costing is considered to be of low reliability as the estimates are sensitive to the Government's ability to recover funding that has been contractually committed.

Table 1: Financial implications – discontinue land initiatives and unnecessary bureaucracies (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	20	125	90	65
Fiscal balance (\$m)	20	125	90	65

(a) A positive number for the fiscal balance indicates a decrease in expenditure. A positive number for the underlying cash balance indicates a decrease in expenditure.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has applied the policy specification underlying the party's published estimates of the financial impact of this proposal.

In addition, the PBO has made the following assumptions:

- Consistent with the published party estimates, the policy is in place by 1 July 2014, except for the Biodiversity Fund and the Climate Change Authority, where the policy is assumed to take effect in 2013-14.
- The costing assumes that program funding which has not been contractually committed could be saved.
- For funding that has been contractually committed but not yet spent, from 2014-15 onwards, 50 per cent of this spending could be saved from each program.
- For departmental expenses related to the Biodiversity Fund and the Climate Change Authority, the PBO has assumed that 25 per cent of funding could be saved in 2013-14.
- The PBO has assumed that departmental funding from 2014-15 onwards for discontinued programs would be saved.

Methodology

The financial impact of this proposal has been calculated by estimating the amount of funding that could be saved if the specified CEF programs were discontinued. In doing so the PBO has estimated the amount of contractually committed and departmental funding that could be saved.

All figures in this costing have been rounded to the nearest \$5 million.

Data sources

- Program costs for the discontinued programs were obtained from relevant agencies.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A – LIST OF MEASURES

The following list of measures, announced as part of the *Clean Energy Future* package in the 2011-12 Mid-year Economic and Fiscal Outlook report, have been included in this costing.

- *Clean Energy Future – Creating Opportunities on the Land – Biodiversity Fund*
- *Clean Energy Future – Creating Opportunities on the Land – Carbon Farming Initiative*
- *Clean Energy Future – Creating Opportunities on the Land – extending the benefits of the Carbon Farming Initiative*
- *Clean Energy Future – Creating Opportunities on the Land – natural resource management for climate change*
- *Clean Energy Future – Governance – Climate Change Authority*
- *Clean Energy Future – Governance – Productivity Commission Reviews*
- *Clean Energy Future – Supporting Energy Markets – Energy Security Council*
- Related departmental funding



COSTING – POST ELECTION REPORT

Name of proposal costed:	Abolish other carbon tax measures no longer needed
Summary of proposal:	<p>This proposal will abolish a number of remaining expenditure measures related to the Clean Energy Future (CEF) Package, including the Clean Energy Finance Corporation (CEFC).</p> <p>A full list of the CEF programs included in this costing is included at Attachment A.</p> <p>This costing also includes estimates of the effects of lower Consumer Price Index (CPI) growth due to the abolition of the carbon pricing mechanism on Government payments to households and on indirect taxes.</p>
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	<p>Program specific information was obtained from:</p> <ul style="list-style-type: none"> • Department of Finance • Department of Environment • Department of Industry • Department of Social Services • Department of Health • Department of Agriculture • Department of Veterans' Affairs • Australian Securities and Investments Commission • Australian Competition and Consumer Commission, and • The Treasury.

Costing overview

This proposal is estimated to increase the underlying cash balance by \$775 million and increase the fiscal balance by \$1.59 billion over the 2013-14 Budget forward estimates period.

The financial impact of this proposal includes reduced expenditure on the abolished programs, estimates of the effects of lower CPI growth on Government payments to households and reduced revenue from indirect taxes and the impact of abolishing the CEFC. A detailed breakdown of the components of the costing are included at [Attachment B](#).

POLICY COSTING – POST ELECTION REPORT

The underlying cash balance impact of this proposal differs from the fiscal balance impact primarily because of the different treatment of investments (particularly concessional loans) made by the CEFC and the returns on these investments, on an underlying cash and fiscal balance basis.

The proposal will increase the headline cash balance by \$6.4 billion over the 2013-14 Budget forward estimates period. The headline cash balance impact includes \$5.5 billion of reduced cash outflows from CEFC loans and equity investments to project proponents that do not directly impact on the underlying cash balance.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

This costing is considered to be of low reliability as it is sensitive to the Government’s ability to recover funding that has been contractually committed and the estimated impact of the carbon price on the CPI.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	5	330	285	155
Fiscal balance (\$m)	175	610	515	285
Headline cash balance (\$m)	630	1,520	2,050	2,195

(a) A positive number for the fiscal balance indicates a net decrease in expenditure in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure in cash terms. A positive number for the headline cash balance indicates a decrease in cash outflows associated with Government investments in financial assets for policy purposes.

Key assumptions

The PBO has applied the policy specification underlying the party’s published estimates of the financial impact of this proposal.

In addition, the PBO has made the following assumptions:

- Consistent with the published party estimates, the policy is in place by 1 July 2014, except for the CEFC, where the policy is assumed to take effect in 2013-14.
- The costing assumes that program funding which has not been contractually committed could be saved.
- For funding that has been contractually committed but not yet spent, 50 per cent of this spending could be saved from each program.
- For departmental expenses related to the CEFC, 25 per cent could be saved in 2013-14 and 100 per cent in each subsequent year.
- The PBO has assumed that all other departmental funding for the remaining programs could be saved.
- The PBO has assumed that the CPI impact of abolishing the carbon pricing mechanism will occur in the quarter immediately following the abolition of the carbon price.

POLICY COSTING – POST ELECTION REPORT

Methodology

The financial impact of this proposal has been calculated by estimating the amount of funding that could be saved if the specified CEF programs were abolished. In doing so the PBO has estimated the amount of contractually committed and departmental funding that could be returned to the budget.

The estimates of changes to Australian Government payments to households and indirect taxes as a result of lower CPI growth were calculated by estimating the change in CPI as a result of the abolition of the carbon pricing mechanism and constructing a counterfactual CPI series. This counterfactual CPI series was then used to model Australian Government payments to households and indirect taxes over the 2013-14 Budget forward estimates period. These results were then compared to the estimates of Australian Government payments to households and indirect taxes, as at the 2013 Pre-Election Economic and Fiscal Outlook, to determine the financial implications of the change in CPI.

The financial implications of abolishing the CEFC reflects the reversal of current CEFC budget estimates, less the financial impacts associated with current loan commitments.

Data sources

- Costs for the programs being discontinued were obtained from relevant agencies.
- The STINMOD microsimulation model of the Australian tax and transfer systems.
 - This model is based on unit record data taken from the 2007-08 and 2009-10 ABS Surveys of Income and Housing.
- The Legislative Outyears Customisable Model of Child Care.
- Private Health Insurance Rebate forward estimates.
- The PBO's Alcohol Excise model is based on published data from ABS surveys.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A – LIST OF MEASURES

The following list of measures, announced as part of the *Clean Energy Future* package in the 2011-12 Mid-year Economic and Fiscal Outlook report, have been included in this costing.

- *Clean Energy Finance Corporation*
- *Clean Energy Future – Compliance*
- *Clean Energy Future – Improving Energy Efficiency – Energy Efficiency Opportunities Program*
- *Clean Energy Future – Improving Energy Efficiency – household advice*
- *Clean Energy Future – Improving Energy Efficiency – Low Carbon Communities*
- *Clean Energy Future – Innovation in Renewable Energy – Australian Renewable Energy Agency*
- *Clean Energy Future – Putting a Price on Pollution – Voluntary Action Pledge Fund and GreenPower purchases*
- *Clean Energy Future – Renewable Energy – Remote Indigenous Energy Program*
- Related departmental funding

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT B – DETAILED FINANCIAL IMPLICATIONS

Table B1: Financial implications – Clean Energy Finance Corporation^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	5	-5	-25	-60
Fiscal balance (\$m)	175	275	190	60
Headline cash balance (\$m)	630	1,185	1,740	1,980

(a) A positive number for the fiscal balance indicates a decrease in expenditure in accrual terms. A negative number for the underlying cash balance indicates a net decrease in receipts in cash terms. A positive number for the underlying cash balance indicates a decrease in payments in cash terms. A positive number for the headline cash balance indicates a decrease in cash outflows associated with Government investments in financial assets for policy purposes.

Table B2: Financial implications – Other CEF Program funding^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	330	235	135
Fiscal balance (\$m)	-	330	235	135

(a) A positive number for the fiscal balance indicates a decrease in expenditure in accrual terms. A positive number for the underlying cash balance indicates a decrease in payments in cash terms.

Table B3: Financial implications – parameter variations associated with lower CPI growth on Government payments to households and on indirect taxes^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	5	75	80
Fiscal balance (\$m)	-	5	90	90

(a) A positive number for the fiscal balance indicates a decrease in expenditure in accrual terms. A positive number for the underlying cash balance indicates a decrease in payments in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Foregone revenue from removal of carbon tax
Summary of proposal:	This proposal will abolish the carbon pricing mechanism. A full list of the measures included in this costing is at Attachment A .
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Abolishing the carbon pricing mechanism is estimated to decrease the underlying cash balance by \$9.4 billion and decrease the fiscal balance by \$13.7 billion over the 2013-14 Budget forward estimates period.

The financial impact of abolishing the carbon pricing mechanism includes a reduction in revenue from sales of carbon permits, levies on synthetic greenhouse gases (SGGs) and excise on aviation and non-transport gaseous fuels, and an increase in expenditure on fuel tax credits (FTCs). A detailed break-down of this costing on an underlying cash and fiscal balance basis is included at [Attachment B](#).

The underlying cash balance impact of this proposal differs to the fiscal balance for a number of reasons, including:

- revenue from permit sales is recognised on a fiscal balance basis in the vintage year of the permit that is sold, while the cash receipts are recognised as the permits are sold
- freely allocated carbon permits are recognised as an expense on a fiscal balance basis, but not on an underlying cash balance basis¹. Freely allocated carbon permits impact the underlying cash balance indirectly reducing the number of permits that are sold
- a difference between when FTC expenses are incurred and when FTCs are actually paid, and
- a difference between when revenue from SGGs is recognised and when it is received.

This proposal will have an ongoing financial impact which extends beyond the forward estimates period.

¹ Discontinuing free permits under the Jobs and Competitiveness Package and the Energy Security Fund have been costed separately. See the costings titled “Discontinue business compensation measures” and “Discontinue energy market compensation measures” for details.

POLICY COSTING – POST ELECTION REPORT

The estimates in this costing differ from those published by the party. The PBO has revised its previous estimates to the party to reflect updated information from the Treasury on the impact of abolishing the carbon pricing mechanism on fuel tax credits and excise and excise equivalent duties on aviation fuel and non-transport gaseous fuels.

This costing is considered to be of medium reliability as it is dependent on the projections of future market carbon prices from the Pre-election Economic and Fiscal Outlook report.

Table 1: Financial implications – removal of the Carbon Tax (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-410	-1,170	-3,130	-4,660
Fiscal balance (\$m)	-	-2,230	-4,640	-6,860

(a) A negative number for the fiscal balance indicates a decrease in revenue and an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a reduction in receipts and an increase in payments in cash terms.

Key assumptions

The PBO has applied the policy specification underlying the party’s published estimates of the financial impact of this proposal.

In addition, the PBO has made the following assumptions:

- Consistent with the published party estimates, the policy to remove the carbon pricing mechanism is in place by 1 July 2014.
- Emissions made after 1 July 2014 would no longer require a carbon permit. Carbon permits would still be required for emissions made in the 2013-14 financial year, and no changes would be made to the treatment of free permits or to permit buy-back for 2013-14.
 - Emitters would still be required to surrender permits to acquit 25 per cent of their 2013-14 carbon liability on the ‘true-up’ surrender date of 1 February 2015.
 - All freely allocated permits in the 2013-14 financial year would still be issued.
 - All 2013-14 free permits would still be eligible for carbon permit buy-back until 1 February 2015 (the current date the buy-back window closes).
 - The auctions of future vintage carbon permits (2014-15, 2015-16 and 2016-17 permits) currently scheduled to occur in 2013-14 would not take place.
- The carbon prices used to undertake this costing are the same as in the Pre-Election Economic and Fiscal Outlook (PEFO) (\$6.20 in 2014-15, \$12.50 in 2015-16 and \$18.90 in 2016-17). PEFO notes that “the carbon price path to 2020 is subject to considerable uncertainty.” PEFO also states that these estimates reflect:
 - in the forecast year of 2014-15, a three-month average of futures market prices, and
 - in the projection years of 2015-16 and 2016-17 a linear transition from the market price in 2014-15 to the longer-term modelled price of \$38 in 2019-20 from the *Strong Growth, Low Pollution* report.

POLICY COSTING – POST ELECTION REPORT

Methodology

The impact of repealing the carbon pricing mechanism from 1 July 2014 has been estimated by calculating the difference in revenue and expenditure on FTCs from the current carbon pricing mechanism (with a carbon price of \$6.20 in 2014-15, \$12.50 in 2015-16 and \$18.90 in 2016-17) compared to the proposed scenario where the carbon price is repealed (and is effectively zero) in respect of emissions made after 1 July 2014.

All figures in this costing have been rounded to the nearest \$10 million.

Data sources

- Carbon price information was obtained from the 2013 Pre-Election Economic and Fiscal Outlook report.
- Information on permit sales and levies on SGGs was obtained from Treasury on 15 August 2013.
- Information on FTC expenditure and excise and excise equivalent duties on aviation fuel and non-transport gaseous fuels was obtained from Treasury on 15 August 2013 and 28 September 2013.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A – LIST OF MEASURES

The following list of measures, announced as part of the *Clean Energy Future* package in the 2011-12 Mid-year Economic and Fiscal Outlook report, have been included in this costing:

- *Clean Energy Future – Putting a Price on Pollution – revenue from sale of carbon units*
- *Clean Energy Future – Putting a Price on Pollution – synthetic greenhouse gases and ozone depleting substances*
- *Clean Energy Future – Putting a Price on Pollution – aviation and non-transport gaseous fuels*
- *Clean Energy Future – Putting a Price on Pollution – fuel tax credit reductions*

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT B – DETAILED FINANCIAL IMPLICATIONS

Table A1: Financial implications – Carbon Permit Revenue^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-410	-980	-2,750	-4,050
Fiscal balance (\$m)	-	-2,020	-4,230	-6,220

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a reduction in receipts in cash terms.

Table A2: Financial implications – Levy on synthetic greenhouse gases^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-40	-40	-80
Fiscal balance (\$m)	-	-50	-50	-90

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a reduction in receipts in cash terms.

Table A3: Financial implications – Excise and excise equivalent duties on aviation fuel and non-transport gaseous fuels^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-50	-120	-180
Fiscal balance (\$m)	-	-50	-120	-180

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a reduction in receipts in cash terms.

Table A4: Financial implications – fuel tax credits^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-100	-220	-350
Fiscal balance (\$m)	-	-110	-240	-370

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in payments in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Re-phase Superannuation Guarantee increase																											
Summary of proposal:	<p>The proposal will pause the increase in the rate of the Superannuation Guarantee (SG) by two years from 1 July 2014. The current and proposed SG rates are summarised in the table below.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Current SG rate</th> <th>Proposed SG rate</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>9.5%</td> <td>9.25%</td> </tr> <tr> <td>2015-16</td> <td>10.0%</td> <td>9.25%</td> </tr> <tr> <td>2016-17</td> <td>10.5%</td> <td>9.50%</td> </tr> <tr> <td>2017-18</td> <td>11.0%</td> <td>10.00%</td> </tr> <tr> <td>2018-19</td> <td>11.5%</td> <td>10.50%</td> </tr> <tr> <td>2019-20</td> <td>12.0%</td> <td>11.00%</td> </tr> <tr> <td>2020-21</td> <td>12.0%</td> <td>11.50%</td> </tr> <tr> <td>2021-22</td> <td>12.0%</td> <td>12.00%</td> </tr> </tbody> </table>	Year	Current SG rate	Proposed SG rate	2014-15	9.5%	9.25%	2015-16	10.0%	9.25%	2016-17	10.5%	9.50%	2017-18	11.0%	10.00%	2018-19	11.5%	10.50%	2019-20	12.0%	11.00%	2020-21	12.0%	11.50%	2021-22	12.0%	12.00%
Year	Current SG rate	Proposed SG rate																										
2014-15	9.5%	9.25%																										
2015-16	10.0%	9.25%																										
2016-17	10.5%	9.50%																										
2017-18	11.0%	10.00%																										
2018-19	11.5%	10.50%																										
2019-20	12.0%	11.00%																										
2020-21	12.0%	11.50%																										
2021-22	12.0%	12.00%																										
Party:	Coalition																											
Date of public release of policy:	19 August 2013																											
Agencies from which information was obtained:	The Treasury																											

Costing overview

This proposal is expected to increase the underlying cash balance by around \$1.58 billion and increase the fiscal balance by \$1.64 billion over the 2013-14 Budget forward estimates period. In underlying cash balance terms, this impact reflects a decrease in payments of \$50 million and an increase in receipts of around \$1.53 billion over this period. In fiscal balance terms, this impact reflects a decrease in expenses of \$115 million and an increase in revenue of around \$1.53 billion over this period.

This proposal will have an impact that extends beyond the forward estimates period, peaking at around \$1.15 billion in 2019-20 before falling to around \$80 million in 2023-24¹. There will be an ongoing gain to revenue as a result of the reduction in the amount of concessional tax superannuation savings and higher non-concessional savings.

¹ Projections beyond the forward estimates should be treated as broadly indicative only, as they are predicated on assumptions and point-in-time data.

POLICY COSTING – POST ELECTION REPORT

Departmental expenses are not expected to be significant and have not been included in this costing.

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to the timing of Low Income Superannuation Contribution (LISC) payments (see key assumptions below). The fiscal balance impact of the LISC occurs in the year in which the qualifying superannuation contributions are made. The underlying cash balance impact occurs when the Australian Taxation Office (ATO) is able to consolidate taxpayer information and pay the government contributions to member accounts.

The financial impact of this proposal includes revenue and expense components. A detailed breakdown of the components of the costing is included at [Attachment A](#).

This costing is considered to be of medium reliability. It was costed using a microsimulation model based on a confidentialised sample of personal income tax and superannuation data from the ATO.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	160	555	860
Fiscal balance (\$m)	-	175	590	875

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments in cash terms.

Key assumptions

- Total employee remuneration is assumed to be unchanged as a result of the decrease in SG payments.
- The costing assumes that the LISC continues to operate. Interaction effects between this proposal and the proposal to not proceed with the LISC are considered elsewhere.

Methodology

The costing was completed using a microsimulation model, based on a de-identified 16 per cent sample of 2010-11 personal income tax and superannuation returns for individuals.

Timing assumptions were applied to the results to reflect the timing of personal income and superannuation tax receipts as well as LISC payments.

Data

- 2013 Pre-Election Economic and Fiscal Outlook report
- A sample of 2010-11 personal income tax returns and superannuation member contributions statements for individuals

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

Table A1 below provides a disaggregation of the costing components of this proposal.

Table A1. Disaggregation of financial impact

Impact on	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Receipts ^{(a)(b)}	-	160	545	820	1,525
Administered payments ^{(b)(c)}	-	-	-10	-40	-50
Underlying cash balance^(d)	-	160	555	860	1,575
Revenue ^{(a)(b)}	-	160	545	820	1,525
Administered expense ^{(b)(c)}	-	-15	-45	-55	-115
Fiscal balance^(d)	-	175	590	875	1,640

(a) Estimates of revenue and receipts have been rounded to the nearest \$5 million. The impact shown is the net revenue impact arising from changes to superannuation contributions tax and personal income tax.

(b) A minus sign before the estimate indicates a reduction in expenses, payments, receipts or revenue. No sign before an estimate indicates an increase in expenses, payments, receipts or revenue.

(c) Administered payment and expense impacts refer to changes in the LISC. Estimates are rounded to the nearest \$5 million.

(d) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments in cash terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Not proceed with Low Income Superannuation Contribution
Summary of proposal:	The proposal is to not proceed with the Low Income Superannuation Contribution.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	Australian Taxation Office

Costing overview

This proposal is expected to increase the underlying cash balance by around \$2.7 billion and increase the fiscal balance by around \$3.7 billion over the 2013-14 Budget forward estimates period.

On an underlying cash basis this reflects a decrease in expenditure of around \$2.72 billion, partially offset by a decrease in superannuation earnings tax receipts of \$30 million over this period. On a fiscal balance basis this reflects a decrease in expenses of around \$3.69 billion partially offset by a decrease in superannuation earnings tax revenue of \$30 million over the same period. A detailed breakdown of these components is included at [Attachment A](#).

The costing includes reduced departmental expenses totalling \$63.9 million over the 2013-14 Budget forward estimates period.

This proposal will have ongoing impacts beyond the 2013-14 Budget forward estimates period.

The revenue impact arises from lower earnings tax due to the Government no longer making contributions to superannuation accounts, resulting in lower balances and earnings.

The difference between the underlying cash balance impact and the fiscal balance impact is due to differences in the timing of the impact under each approach. The fiscal balance impact of the Low Income Superannuation Contribution (LISC) occurs in the year in which the qualifying superannuation contributions are made. The underlying cash balance impact occurs when the Australian Taxation Office (ATO) is able to consolidate taxpayer information and pay the government contributions to member accounts, which may take several years.

This costing is considered to be of medium reliability. The estimates will be sensitive to adjusted taxable incomes, the level of concessional contributions of individuals, the level of earnings of superannuation funds, when individuals lodge their income tax returns and when superannuation funds lodge their member contribution statements.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	900.2	928.0	920.7
Fiscal balance (\$m)	960.6	932.9	921.4	907.1

(a) A positive number for the fiscal balance indicates a decrease in expenses or an increase in revenue on an accrual basis. A positive number for the underlying cash balance indicates a decrease in payments or an increase in receipts on a cash basis.

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.
- No behavioural response to the proposal is expected. For example, for individuals not already entitled to the maximum LISC there is very limited scope to increase contributions in the year prior to the removal of the LISC.
- The PBO has assumed that the ATO will not be obligated to pay any entitlements for superannuation contributions made in 2013-14 or later years.
- Departmental resourcing will be affected from 2014-15; 2013-14 resourcing will be required to administer the payment of LISC for most recipients in respect of the 2012-13 year.

Methodology

- The fiscal balance impact is based on the unpublished estimates as at the 2013 Pre-Election Economic and Fiscal Outlook (PEFO) report.
- The cash impact is based on the fiscal balance impact but applies the timing assumption of a similar measure – the Government Superannuation Co-Contribution. However, actual timing will depend on when individuals lodge their income tax returns and when superannuation funds lodge their member contribution statements. The cash impact also includes unpublished estimates variations included in the 2013 PEFO.
- The earnings tax impact is based on an assumed aggregate earning rate of superannuation funds which feeds into an aggregate superannuation accumulation model.
- The departmental impacts were estimated by the ATO.

Data source

- Unpublished estimates as at the 2013 PEFO report.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

The detailed financial implications over the 2013-14 Budget forward estimates are summarised in [Table A1](#) below.

Table A1: Financial implications^(a)

Impact on	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Underlying cash balance^(b)	-	900.2	928.0	920.7	2,748.9
Low Income Superannuation Contribution ^(c)	-	-890.0	-915.0	-910.0	-2,715.0
Revenue ^(d)	-	-5.0	-10.0	-15.0	-30.0
Departmental impact ^(e)	-	-15.2	-23.0	-25.7	-63.9
Fiscal balance^(b)	960.6	932.9	921.4	907.1	3,722.0
Low Income Superannuation Contribution ^(c)	-960.6	-922.7	-908.4	-896.4	-3,688.1
Revenue ^(d)	-	-5.0	-10.0	-15.0	-30.0
Departmental impact ^(e)	-	-15.2	-23.0	-25.7	-63.9

Notes

- (a) Departmental expenses and LISC fiscal balance estimates are rounded to the nearest \$100,000, otherwise estimates are rounded to the nearest \$5 million.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments.
- (c) This is the impact of no longer making LISC payments. A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.
- (d) Revenue impact relates to the impact of lower earnings tax associated with less LISC payments being made to superannuation funds. A minus sign before the estimate indicates a reduction in revenue, no sign before an estimate indicates a gain to revenue.
- (e) This is the departmental saving associated with the ATO not administering the payment of the LISC for contributions made in 2013-14 and later income years. A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.



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COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue instant asset write-off increase
Summary of proposal:	<p>This proposal will reverse the 2010-11 Budget measure <i>Stronger, fairer, simpler tax reform - small business instant asset write off and simplified pooling</i>.</p> <p>The separate Coalition policy “Removal of the Carbon Tax Package – Discontinue business compensation measures” includes the reversal of the 2011-12 Mid-year Economic and Fiscal Outlook measure <i>Clean Energy Future – Supporting jobs – increase in the instant asset write off threshold to \$6,500</i>.</p> <p>Together, these policies will reduce the maximum value of assets that qualify for the instant asset write off from \$6,500 to \$1,000 and reverse the simplified pooling arrangements.</p> <p>This costing minute provides details of the assumptions and methodology for reversal of both measures.</p>
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Reversing 2010-11 Budget measure *Stronger, fairer, simpler tax reform - small business instant asset write off and simplified pooling* is expected to increase both the underlying cash and fiscal balances by \$2.9 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

Reversing the 2011-12 Mid-year Economic and Fiscal Outlook measure *Clean Energy Future – Supporting jobs – increase in the instant asset write off threshold to \$6,500*, which forms part of the separate Coalition policy “Removal of the Carbon Tax Package – Discontinue business compensation measures”, is expected to increase both the underlying cash and fiscal balances by \$0.2 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

These proposals will have an ongoing impact that extends beyond the forward estimates period.

This costing is considered to be of low reliability. While this costing is based on amounts included in the forward estimates as at the Pre-election Economic and Fiscal Outlook, these are not necessarily the same as the effect of changing or repealing a particular measure. In particular, Treasury does not generally re-cost individual measures after their announcement, with changes in

POLICY COSTING – POST ELECTION REPORT

parameters and other variations instead included in aggregate revenue estimates. Consequently the estimates in this costing should be considered approximate, and only provide an indication of the possible savings.

Table 1: Financial implications – Removal of the Mining Tax Package – Discontinue instant asset write-off increase (outturn prices)^(a)

Revenue impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	850	1,065	990
Fiscal balance (\$m)	-	850	1,065	990

(a) A positive number for the underlying cash balance indicates an increase in receipts on a cash basis. A positive number for the fiscal balance indicates an increase in revenue on an accrual basis. Estimates have been rounded to the nearest \$5 million.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

The PBO has assumed that the small business instant asset write off increase and simplified pooling will be discontinued from October 2013.

Methodology

The underlying cash and fiscal balance savings estimated for this costing are based on amounts currently in the 2013-14 Budget forward estimates. The savings estimated in this costing represent the difference between the estimated impact of the proposed depreciation arrangements less the amounts currently in the forward estimates, with adjustments for timing and date of abolition.

Data sources

Forward estimate impacts for the small business instant asset write off and simplified pooling measure were obtained from Treasury.

Table 2: Abolition of instant asset write off – elements attributable to the Stronger, fairer, simpler tax reform (mining tax) package and to the Clean Energy Future package.

\$ million	2013-14	2014-15	2015-16	2016-17
Stronger, fairer, simpler tax reform - small business instant asset write off and simplified pooling, reversal	-	850	1,065	990
Clean Energy Future - Supporting jobs - increase in the instant asset write-off threshold to \$6,500, reversal	-	80	60	65

(a) A positive number for the underlying cash balance indicates an increase in receipts on a cash basis. A positive number for the fiscal balance indicates an increase in revenue on an accrual basis. Estimates have been rounded to the nearest \$5 million.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue phase-down of interest withholding tax
Summary of proposal:	This proposal will discontinue the phase down of interest withholding tax (IWT) on financial institutions.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Discontinuing the phase down of IWT on financial institutions is expected to increase both the underlying cash and fiscal balances by \$405 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental costs associated with this proposal have been included in a separate costing: *Reduce administrative and other expenses from scrapping the Minerals Resource Rent Tax package.*

This costing is considered to be of low reliability. While this costing is based on amounts included in the forward estimates as at the Pre-election Economic and Fiscal Outlook, these are not necessarily the same as the effect of changing or repealing a particular measure. In particular, Treasury does not generally re-cost individual measures after their announcement, with changes in parameters and other variations instead included in aggregate revenue estimates. Consequently the estimates in this costing should be considered approximate, and only provide an indication of the possible savings.

Table 1: Financial implications – Discontinuing the phase down of IWT on financial institutions (outturn prices)^(a)

Revenue impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	80	160	165
Fiscal balance (\$m)	-	80	160	165

(a) A positive number for the underlying cash balance indicates an increase in receipts on a cash basis. A positive number for the fiscal balance indicates an increase in revenue on an accrual basis. Estimates have been rounded to the nearest \$5 million.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

POLICY COSTING – POST ELECTION REPORT

Discontinuing the phase down of IWT on financial institutions will have effect from 1 July 2014.

Methodology

The underlying cash and fiscal balance savings estimated for this costing are based on amounts currently in the 2013-14 Budget forward estimates. The costing is calculated as the revenue gained by reversing the net effect of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform — phasing down interest withholding tax on financial institutions*, as modified by the 2011-12 Mid-year Economic and Fiscal Outlook report measure *Interest withholding tax — phase down for financial institutions — deferral*. As the phase down of IWT had not yet commenced, the full impact of reversing the IWT phase down is included in the costing.

Data sources

Forward estimate impacts for the phase down of IWT on financial institutions measure were obtained from Treasury.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue tax loss carry back
Summary of proposal:	This proposal will discontinue tax loss carry back.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Discontinuing tax loss carry back is expected to increase both the underlying cash and fiscal balances by \$950 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental costs associated with this proposal have been included in a separate costing: *Reduce administrative and other expenses from scrapping the Minerals Resource Rent Tax package.*

This costing is considered to be of low reliability. While this costing is based on amounts included in the forward estimates as at the Pre-election Economic and Fiscal Outlook, these are not necessarily the same as the effect of changing or repealing a particular measure. In particular, Treasury does not generally re-cost individual measures after their announcement, with changes in parameters and other variations instead included in aggregate revenue estimates. Consequently the estimates in this costing should be considered approximate, and only provide an indication of the possible savings.

Table 1: Financial implications – Discontinuing tax loss carry back (outturn prices)^(a)

Revenue impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	350	300	300
Fiscal balance (\$m)	-	350	300	300

(a) A positive number for the underlying cash balance indicates an increase in receipts on a cash basis. A positive number for the fiscal balance indicates an increase in revenue on an accrual basis. Estimates have been rounded to the nearest \$50 million.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

The PBO has assumed that tax loss carry back will be discontinued from the 2013-14 income year.

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The proportion of prior year loss deductions able to be utilised in the absence of tax loss carry back was assumed to be equal to its historical average.

Methodology

The underlying cash and fiscal balance savings estimated for this costing are based on amounts currently in the 2013-14 Budget forward estimates. The forward estimates are then disaggregated into two components: the additional revenue loss associated with providing refunds of tax paid to companies in a tax loss position; and the savings from the associated reduction in deductions for prior year losses in subsequent years. The savings estimated in this costing represent the net effect of unwinding these components, with adjustments for timing and date of abolition.

Data sources

Forward estimate impacts for the tax loss carry back measure were obtained from Treasury.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Discontinue accelerated depreciation for motor vehicles
Summary of proposal:	This proposal will discontinue accelerated depreciation for motor vehicles.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Discontinuing accelerated depreciation for motor vehicles is expected to increase both the underlying cash and fiscal balances by \$425 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

This costing is considered to be of low reliability. While this costing is based on amounts included in the forward estimates as at the Pre-election Economic and Fiscal Outlook, these are not necessarily the same as the effect of changing or repealing a particular measure. In particular, Treasury does not generally re-cost individual measures after their announcement, with changes in parameters and other variations instead included in aggregate revenue estimates. Consequently the estimates in this costing should be considered approximate, and only provide an indication of the possible savings.

Table 1: Financial implications – Discontinuing accelerated depreciation for motor vehicles (outturn prices)^(a)

Revenue impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	155	155	115
Fiscal balance (\$m)	-	155	155	115

(a) A positive number for the underlying cash balance indicates an increase in receipts on a cash basis. A positive number for the fiscal balance indicates an increase in revenue on an accrual basis. Estimates have been rounded to the nearest \$5 million.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

The PBO has assumed that accelerated initial deduction for motor vehicles will be discontinued from October 2013.

POLICY COSTING – POST ELECTION REPORT

Methodology

The underlying cash and fiscal balance savings estimated for this costing are based on amounts currently in the 2013-14 Budget forward estimates. The savings estimated in this costing represent the estimated impact of the proposed motor vehicle depreciation arrangements less the amounts currently in the forward estimates, with adjustments for timing and date of abolition.

Data sources

Forward estimate impacts for the accelerated depreciation for motor vehicles measure were obtained from Treasury.



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COSTING – POST ELECTION REPORT

Name of proposal costed:	Reduce administrative and other expenses from scrapping the Minerals Resource Rent Tax (MRRT) package
Summary of proposal:	This proposal will reduce administrative and other expenses from scrapping the MRRT package.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

This proposal is expected to increase both the underlying cash and fiscal balances by \$90.3 million over the 2013-14 Budget forward estimates period. This impact is largely due to a decrease in administrative expenses associated with discontinuing the MRRT. The proposal also includes decreases in departmental expenses associated with: discontinuing the phase down of interest withholding tax (IWT) on financial institutions and discontinuing tax loss carry-back and a revenue save of \$5 million per annum from 2015-16 to 2016-17 associated with discontinuing the 2011-12 Budget measure *Income tax – expanding the definition of exploration to include geothermal energy*.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

This costing is considered to be of high reliability, as it primarily reflects a reversal of expenses included in the forward estimates as at the Pre-election Economic and Fiscal Outlook. The revenue component of the costing is considered to be of low reliability, as individual measures are generally not re-costed after their announcement, with changes in parameters and other variations instead included in aggregate revenue estimates.

Table 1: Financial implications – Reduce administrative and other expenses from scrapping the MRRT package (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	4.0	26.3	30.0	30.0
Fiscal balance (\$m)	4.0	26.3	30.0	30.0

(a) A positive number for the fiscal balance indicates a decrease in expenses on an accrual basis. A positive number for the underlying cash balance indicates a decrease in expenditure on a cash basis.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

POLICY COSTING – POST ELECTION REPORT

Discontinuing administrative expenses to implement and run the MRRT and departmental expenses associated with phasing down IWT on financial institutions will have effect from 1 July 2014.

The PBO has assumed that departmental expenses associated with tax loss carry back will be discontinued from October 2013.

Methodology

The underlying cash and fiscal balance savings estimated for this costing are based on amounts currently in the 2013-14 Budget forward estimates. The costing largely represents the aggregate effect of administrative and departmental expense savings associated with: reversing the MRRT, the 2010-11 Budget measure *Stronger, fairer, simpler tax reform — phasing down interest withholding tax on financial institutions* and the 2012-13 Budget measure *Spreading the Benefits of the Boom — company loss carry-back*.

Data sources

Forward estimate administered and departmental expense impacts were obtained from the Australian Taxation Office.



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COSTING – POST ELECTION REPORT

Name of proposal costed:	Foregone revenue from removal of the mining tax
Summary of proposal:	This proposal will discontinue the Minerals Resource Rent Tax (MRRT).
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

This proposal is expected to decrease revenue on an underlying cash and fiscal balance basis by \$3.5 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental costs associated with this proposal have been included in a separate costing: *Reduce administrative and other expenses from scrapping the MRRT package*.

This costing is considered to be of medium reliability. Estimates are based on published Pre-Election Economic and Fiscal Outlook values, noting that these are highly sensitive to the assumptions regarding production volumes, capital deductions, commodity prices and the exchange rate. There is also some uncertainty related to timing of MRRT revenue and any behavioural responses to this proposal.

Table 1: Financial implications – Discontinuing the MRRT (outturn prices)(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-600	-1,100	-1,800
Fiscal balance (\$m)	-	-600	-1,100	-1,800

(a) A negative number for the underlying cash balance indicates a decrease in receipts on a cash basis. A negative number for the fiscal balance indicates a decrease in revenue on an accrual basis.

Key assumptions

The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.

Discontinuing the MRRT will have effect from 1 July 2014.

The MRRT is paid quarterly which means that three quarters of each financial year's impact is from 'within year' mining activity and one quarter is from the previous financial year's mining activity.

POLICY COSTING – POST ELECTION REPORT

Methodology

The underlying cash and fiscal balance impacts estimated for this proposal are based on net MRRT amounts currently in the 2013-14 Budget forward estimates with adjustments for timing and date of abolition.

Data sources

Pre-Election Economic and Fiscal Outlook forward estimate impacts for the MRRT were obtained from Treasury.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Coalition's Paid Parental Leave Scheme Package
Summary of proposal:	<p>The proposal will:</p> <ul style="list-style-type: none"> • provide a Paid Parental Leave (PPL) scheme with 26 weeks paid at the higher of a replacement wage (up to a cap of \$150,000 per annum) or the National Minimum Wage, plus superannuation. Partners will also be able to take two out of the 26 weeks at their own replacement wage (up to the \$150,000 per annum cap), plus superannuation • replace the existing PPL scheme, and • also replace the existing paid maternity leave schemes for Commonwealth agencies. Payments to the States would be reduced by the value of maternity payments that would otherwise have been expected to be made by the States. <p>The payments in the new scheme will be made entirely through the Department of Human Services.</p> <p>The proposal will have effect from 1 July 2015.</p> <p>The proposed levy of 1.5 per cent on company taxable income above \$5 million is considered separately.</p>
Party:	Coalition
Date of public release of policy:	18 August 2013 and 5 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • The former Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and • Department of Human Services (DHS).

Costing overview

The gross cost of the new PPL scheme is expected to decrease both the underlying cash and fiscal balances by around \$9.87 billion over the 2013-14 Budget forward estimates period.

Not proceeding with the former Government's PPL scheme is expected to increase both the underlying cash and fiscal balances by around \$3.67 billion over the 2013-14 Budget forward estimates period.

Discontinuing the existing Commonwealth, State and Territory Governments' maternity leave schemes is expected to increase both the underlying cash and fiscal balances by around \$1.38 billion over the 2013-14 Budget forward estimates period.

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Additionally, the impact of the proposal on existing Government payments and taxes is expected to increase the underlying cash balance by around \$1.33 billion and the fiscal balance by \$1.36 billion over the 2013-14 Budget forward estimates period.

The net impact of the scheme is expected to be a decrease in the underlying cash balance of around \$3.50 billion and a decrease in the fiscal balance of around \$3.47 billion over the 2013-14 Budget forward estimates period.

A finer disaggregation of the costing can be found at [Attachment A](#).

This proposal will have an ongoing impact that extends beyond the forward estimates period.

The costing includes a decrease in departmental expenses of \$155 million over the 2013-14 Budget forward estimates period. This reflects a decrease of \$185 million from no longer needing to cover maternity payments for Commonwealth public servants, partially offset by an increase in expenses of \$30 million to cover the costs of an information campaign and provide resourcing for the Department of Human Services to implement and administer the new scheme.

The proposed PPL scheme would result in increased expenses for the PPL program, primarily reflecting the higher level of payments under the scheme, but also because more families will choose to receive PPL in preference to the alternative Family Tax Benefit (FTB) supplement. This increased expense will be partially offset by a reduction in payments of FTB Parts A and B.

To reflect the change in incidence of parental leave payments to State and Territory public servants to the Australian Government, the Australian Government will reduce payments to the States and Territories by the value of maternity payments that would otherwise have been expected to be made by the State and Territory Governments.

As PPL payments are taxable, the increased expense of the scheme will also be partially offset by increased personal income tax revenue. Contributions tax will also be collected on the superannuation payments made under the scheme. The inclusion of superannuation in the PPL scheme will also result in increased expenses due to additional Low Income Superannuation Contribution (LISC) payments made in respect to these contributions.

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to Family Tax Benefit supplements and lump sum payments, along with LISC payments, being made in the year following the accrual of the liability.

The estimates in this costing differ from those published by the party. The PBO has revised its previous estimates to the party of the incomes of secondary carers. This impacts the degree to which families take up the optional secondary carer component of the scheme. This costing also uses a different assumption from the party's costing to derive the estimated future utilisation of the existing public service paid maternity leave schemes under current policy.

This costing is of low to medium reliability. It is sensitive to a number of assumptions around fertility rates of working women, female labour force participation, the wages parents earn and the leave patterns of parents around the births of their children.

The cost of this proposal is lower in the first year as some recipients of the payment who have their child in 2014-15 will not receive their entire 26 weeks in this financial year. The estimated saving from the current PPL scheme in 2015-16 is less than the current expense estimate for the program in that year, reflecting the fact that some families who have a child in 2014-15 will be completing the PPL period under the old scheme in 2015-16.

POLICY COSTING – POST ELECTION REPORT

Table 1: Financial implications – Gross cost of the Coalition PPL (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-10	-4,175	-5,685
Fiscal balance (\$m)	-	-10	-4,175	-5,685

Table 2: Financial implications – Existing Government scheme (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	1,670	2,000
Fiscal balance (\$m)	-	-	1,670	2,000

Table 3: Financial implications – Savings from existing Commonwealth and State Public Sector schemes (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	625	750
Fiscal balance (\$m)	-	-	625	750

Table 4: Financial implications – Automatic adjustments to Government spending and revenue (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	540	790
Fiscal balance (\$m)	-	-	560	800

Table 5: Financial implications – All elements (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-10	-1,340	-2,145
Fiscal balance (\$m)	-	-10	-1,320	-2,135

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in expenses in cash terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in expenses in cash terms

Key assumptions

General assumptions

- The policy specification used in this costing is based on the document *The Coalition's Policy for Paid Parental Leave*.

POLICY COSTING – POST ELECTION REPORT

- The grouped data approach used to model the policy cannot capture the full level of diversity in the population. The model works under the assumption that the outcome for an average person in each group represents the average outcome for the group.
- After a transitional period, the transaction costs currently incurred making PPL payments via employers are assumed to be equivalent to those incurred under the proposal when making PPL payments directly.
- No adjustment has been made to reflect any changes in fertility rates due to the proposal.

Income distribution of PPL recipients

- The income distribution of new mothers has been based on aggregated data on the distribution of adjusted taxable incomes of PPL recipients in the first eleven months of 2012-13.
 - While the rate of PPL will be based on the mother's salary, adjusted taxable income was used due to an absence of detailed data on the salaries of new mothers.
 - An analysis of the personal income tax returns from 2010-11 found that for women with wages and salary, aged 20-35, adjusted taxable income is, on average, slightly higher than wages and salary. For individuals where this is not the case, the difference is due to relatively small work related tax deductions. Similar results were found if a higher upper age range was used.
- These incomes have been grown in line with average weekly earnings.
- An assumption has been made about the proportion of eligible families that have partnered parents as well the average incomes of the partners. These assumptions have been made based on analysis of unit record data from the 2009-10 Survey of Income and Housing.
- Assumptions have also been made regarding the amount of time primary carers spend working outside the PPL period during the financial year of birth.

Take up of secondary carer payment

- Not all secondary carers currently take up Dad and Partner Pay. Under the proposed scheme all secondary carers are assumed to take up the payment as, for the greater majority, there would be no loss in income from choosing to do so. When paid paternity leave is not paid, the secondary carer is expected to continue to work. Thus, the income from the more generous paid paternity leave payment is not expected to result in a significant increase in personal income tax collections or decrease in family payments.

Child care assistance

- The effect of the proposal on child care assistance payments is expected to be minimal and has not been included in the costing.

Transitional arrangements

- It has also been assumed that those who have a child in 2014-15, but do not complete their PPL period by the end of the financial year, will continue to receive their payments under the current scheme until their 18 week period expires.

POLICY COSTING – POST ELECTION REPORT

Public service offsets

- For Commonwealth public servants payment rates for salaries have been based on median salaries at each payment level. For State and Territory public servants, payment rates have been based on median salaries of the respective State and Territory public services.
- The number of State and Territory public servants taking maternity leave with salaries above \$150,000 is negligible.
- For Commonwealth, State and Territory public servants, the proportion of female employees aged between 20 and 44 who would be accessing their paid maternity leave entitlement in each year has been estimated based on the Australian Public Service Commission's (APSC) submission to the Productivity Commission enquiry into PPL and historical trends in fertility rates.
- The income distribution of public service maternity leave recipients in the base data is assumed to be representative of the population across the forward estimates. Growth in incomes and take up rate of maternity leave has been based on recent trends.

Methodology

A grouped data model has been used to cost the proposal, based on administrative data from the existing PPL program.

The midpoint income of each of the categories in the aggregated data has been assumed to be representative of the average income of parents in each group. These incomes have been inflated to the years in 2013-14 Budget estimates period using average weekly earnings. Based on these uprated incomes, entitlement to PPL (including Dad and Partner Pay under the current scheme, and paternity pay in the new scheme) are estimated for both the current and new schemes.

Based on this, adjusted taxable incomes have been estimated for the families and used to estimate entitlement to FTB payments along with income tax liability.

The superannuation contributions tax revenue estimate is 15 per cent of the estimated superannuation payments made under the scheme. For those with an estimated adjusted taxable income below the threshold this contributions tax would be refunded through the LISC.

Estimates of the number of Commonwealth public servants who are entitled to the existing Government maternity leave, their salaries and the amount of leave to which they are entitled, have been made based on the Australian Public Service employment database, the APSC State of the Service Report and enterprise agreements of Commonwealth agencies. Estimates of salaries for State and Territory public service employees are based on State of the Service (or equivalent) reports from State and Territory public service commissions (or equivalent bodies). Expected maternity leave payments are then estimated using the take up rate assumption.

Timing effects have then been applied to recognise that PPL payments carry over into the subsequent financial year for recipients with children born towards the end of the year.

Estimates for revenue and administered expense components of the costing have been rounded to the nearest \$10 million, departmental expenses have been rounded to the nearest \$5 million and these estimates have then been summed to give the total impact.

POLICY COSTING – POST ELECTION REPORT

Data sources

- Australian Bureau of Statistics Catalogue number 4913.0, *Pregnancy and Employment Transitions*, November 2011
- Australian Bureau of Statistics, 2009-10 Survey of Income and Housing, Confidentialised Unit Record File.
- Aggregate data on the incomes of PPL and Baby Bonus recipients in the first eleven months of 2012-13 and forward estimates of expenses and recipient numbers for both Parental Leave Pay and Dad and Partner Pay have been provided by FaHCSIA.
- Data on entitlement and take up of paid maternity leave by public service employees have been taken from:
 - Productivity Commission, 2009, *Paid Parental Leave: Support for Parents with Newborn Children*
 - Australian Public Service Commission, *Australian Public Service employment database*
 - Public Service Commission of NSW, *Workforce Profile Report 2012*
 - State Services Authority of Victoria, *The State of the Public Sector in Victoria 2011-12*
 - Public Service Commission of Queensland, *Queensland Public Service Workforce Characteristics 2011-2012*
 - Public Sector Commission of Western Australia, *State of the Sector Report 2012*
 - Office of Public Employment and Review of South Australia, *State of the Sector Report 2012*
 - Office of the State Service Commissioner of Tasmania, *2011-2012 State Service Commissioner's Annual Report*
 - Office of the Commissioner for Public Administration of the Australian Capital Territory, *2010-11 ACTPS Workforce Profile 2010-11*, and
 - Office of the Commissioner for Public Employment of the Northern Territory, *State of the Service Report 2011-12*.
- The DHS have provided estimates of the departmental expenses that would be associated with implementing and administering a replacement wage PPL scheme.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

Table A1 provides estimates on an underlying cash balance basis. A positive number for payments represents an increase in cash paid by the Commonwealth, while a positive number for receipts represents an increase in cash collected by the Commonwealth. The impact on the underlying cash balance is the change in receipts less the change in payments.

Table A1. Disaggregation of costing – Underlying cash basis

(\$m)	2014-15	2015-16	2016-17	Total
<i>Payments</i>				
Paid Parental Leave	-	2,490	3,680	6,170
<i>Consisting of:</i>				
<i>New Primary Carer Scheme (including SG)</i>	-	3,880	5,400	9,280
<i>Existing Parental Leave Pay</i>	-	-1,590	-1,920	-3,510
<i>New Secondary Carer Scheme (including SG)</i>	-	280	280	560
<i>Existing Dad and Partner Pay</i>	-	-80	-80	-160
Family Tax Benefit (Parts A and B)	-	-60	-100	-160
Low Income Super Contribution	-	-	10	10
Payments to States	-	-540	-650	-1,190
Total administered payments	-	1,890	2,940	4,830
Administration of new PPL scheme	10	15	5	30
Existing maternity payments to public servants	-	-85	-100	-185
Departmental expenses	10	-70	-95	-155
<i>Receipts</i>				
Personal Income Tax	-	430	630	1,060
Superannuation Contributions Tax	-	50	70	120
Total receipts	-	480	700	1,180
Impact on underlying cash balance	-10	-1,340	-2,145	-3,495

Table A2 reconciles these components with the format presented in the party's costing document, on an underlying cash basis.

Table A2. Reconciliation with presentation in Coalition policy document

Impact on underlying cash balance(\$m)	2014-15	2015-16	2016-17	Total
Gross cost of the proposed PPL scheme	-10	-4,175	-5,685	-9,870
<i>New Primary Carer Scheme (including SG)</i>	-	-3,880	-5,400	-9,280
<i>New Secondary Carer Scheme (including SG)</i>	-	-280	-280	-560
<i>Administration of new PPL scheme</i>	-10	-15	-5	-30
Existing Government PPL scheme	-	1,670	2,000	3,670
<i>Existing Parental Leave Pay</i>	-	1,590	1,920	3,510
<i>Existing Dad and Partner Pay</i>	-	80	80	160
Existing Commonwealth and State maternity leave schemes	-	625	750	1,375
<i>Existing maternity payments to public servants</i>	-	85	100	185
<i>Payments to States</i>	-	540	650	1,190
Automatic adjustments to Government spending and revenue	-	540	790	1,330
<i>Family Tax Benefit (Parts A and B)</i>	-	60	100	160
<i>Low Income Super Contribution</i>	-	-	-10	-10
<i>Personal Income Tax</i>	-	430	630	1,060
<i>Superannuation Contributions Tax</i>	-	50	70	120
Net impact	-10	-1,340	-2,145	-3,495

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Table A3 provides estimates on a fiscal balance basis. A positive number for expenses represents an increased liability incurred by the Commonwealth, while a positive number for revenue represents an increase in money payable to the Commonwealth. The impact on the fiscal balance is the change in revenue less the change in expenses.

Table A3. Disaggregation of costing – Fiscal balance basis

(\$m)	2014-15	2015-16	2016-17	Total
<i>Expenses</i>				
Paid Parental Leave	-	2,490	3,680	6,170
<i>Consisting of:</i>				
<i>New Primary Carer Scheme (including SG)</i>	-	3,880	5,400	9,280
<i>Existing Parental Leave Pay</i>	-	-1,590	-1,920	-3,510
<i>New Secondary Carer Scheme (including SG)</i>	-	280	280	560
<i>Existing Dad and Partner Pay</i>	-	-80	-80	-160
Family Tax Benefit (Parts A and B)	-	-90	-110	-200
Low Income Super Contribution	-	10	10	20
Payments to States	-	-540	-650	-1,190
Total administered expenses	-	1,870	2,930	4,800
Administration of new PPL scheme	10	15	5	30
Existing maternity payments to public servants	-	-85	-100	-185
Total departmental expenses	10	-70	-95	-155
<i>Revenue</i>				
Personal Income Tax	-	430	630	1,060
Superannuation Contributions Tax	-	50	70	120
Total revenue	-	480	700	1,180
Impact on fiscal balance	-10	-1,320	-2,135	-3,465

Table A4 reconciles the components with the format presented in the party's costing document, on a fiscal balance basis.

Table A4. Reconciliation with presentation in Coalition policy document

Impact on fiscal balance(\$m)	2014-15	2015-16	2016-17	Total
Gross cost of the proposed PPL scheme	-10	-4,175	-5,685	-9,870
<i>New Primary Carer Scheme (including SG)</i>	-	-3,880	-5,400	-9,280
<i>New Secondary Carer Scheme (including SG)</i>	-	-280	-280	-560
<i>Administration of new PPL scheme</i>	-10	-15	-5	-30
Existing Government PPL scheme	-	1,670	2,000	3,670
<i>Existing Parental Leave Pay</i>	-	1,590	1,920	3,510
<i>Existing Dad and Partner Pay</i>	-	80	80	160
Existing Commonwealth and State maternity leave schemes	-	625	750	1,375
<i>Existing maternity payments to public servants</i>	-	85	100	185
<i>Payments to States</i>	-	540	650	1,190
Automatic adjustments to Government spending and revenue	-	560	800	1,360
<i>Family Tax Benefit (Parts A and B)</i>	-	90	110	200
<i>Low Income Super Contribution</i>	-	-10	-10	-20
<i>Personal Income Tax</i>	-	430	630	1,060
<i>Superannuation Contributions Tax</i>	-	50	70	120
Net impact	-10	-1,320	-2,135	-3,465



COSTING – POST ELECTION REPORT

Name of proposals costed:	Company tax rate cut to 28.5 per cent Levy of 1.5% on company taxable income above \$5 million
Summary of proposal:	This proposal will: <ul style="list-style-type: none"> • reduce the company tax rate to 28.5 per cent, and • impose a levy of 1.5 per cent on that part of company taxable income above \$5 million. with effect from 1 July 2015.
Party:	Coalition
Date of public release of policy:	7 August 2013 – Company tax rate cut to 28.5 per cent. 18 August 2013 – Levy of 1.5 per cent.
Agencies from which information was obtained:	Company tax data was obtained from The Treasury.

Costing overview

Reducing the company tax rate to 28.5 per cent is estimated to decrease both the underlying cash and fiscal balances by \$4.9 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to decreased revenue. A detailed breakdown of the financial implications of this proposal is at [Attachment A](#).

Imposing a 1.5 per cent levy on that part of company taxable income over \$5 million is estimated to increase both the underlying cash and fiscal balances by \$4.3 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to increased revenue. A detailed breakdown of the financial implications of this proposal is at [Attachment A](#).

Together, reducing the company tax rate to 28.5 per cent and imposing a 1.5 per cent levy on that part of company taxable income over \$5 million is estimated to decrease both the underlying cash and fiscal balances by \$0.5 billion over the 2013-14 Budget forward estimates period. Rounding and interactions between the proposals mean that the costings are not fully additive. A detailed breakdown of the financial implications of both proposals is at [Attachment A](#).

This costing is considered to be of medium reliability as modelling is based on historical tax data and several assumptions. Possible behavioural responses to this proposal are uncertain.

This costing assumes that the Australian Taxation Office (ATO) would not vary company instalment calculations in response to the change in company tax rates. Company tax instalment rates are calculated by the ATO based on the amount of tax paid by a company in the previous year and are not explicitly based on the statutory company rate. For large companies, who account for the majority of company tax paid, the impact of the levy would offset most of the reduction in

POLICY COSTING – POST ELECTION REPORT

company tax, leaving the overall level of tax on their company taxable income that would be payable by instalments largely unchanged. The assumption in relation to instalments mainly impacts on the profile of company tax collections as instalments adjust to the new company rate and does not affect the cost of the proposal once instalments assimilate the new company rate.

If the ATO were to vary instalments to take account of the impact of the new company tax rate for companies with taxable incomes under \$5 million, the cost of the proposal would be larger in the first year following the date of effect than in this costing, with this difference unwound over the next three years (which extends beyond the forward estimates period). This would further decrease underlying cash and fiscal balances by around \$0.6 billion over the 2013-14 Budget forward estimates.

Both elements of this proposal will have an ongoing impact that extends beyond the forward estimates period. Cutting the company tax rate to 28.5 per cent is estimated to have a mature cost in the order of \$3.7 billion in 2018-19. The company levy is estimated to have a mature saving in the order of \$3.3 billion in 2018-19. The annual estimates for both proposals will grow in line with the underlying growth in the company tax base from 2018-19.

Departmental expenses are expected to be minimal for each part of this proposal and have not been included in this costing.

Table 1: Financial implications – Company tax cut to 28.5 per cent (outturn prices)^(a)

Impact on:	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-400	-300	-4,200
Fiscal balance (\$m)	-	-400	-300	-4,200

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue receipts in cash terms.

Table 2: Financial implications – 1.5 per cent company levy (outturn prices)^(a)

Impact on:	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	300	300	3,700
Fiscal balance (\$m)	-	300	300	3,700

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts in cash terms.

Table 3: Financial implications – Company tax cut to 28.5 per cent and 1.5 per cent company levy (outturn prices)^(a)

Impact on:	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-100	-	-400
Fiscal balance (\$m)	-	-100	-	-400

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue receipts in cash terms. Tables 1 and 2 may not add to Table 3 due to rounding.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.
- The proposals will apply from 1 July 2015.

General assumptions

- Superannuation funds and the superannuation business of life insurance companies continue to be taxed at the 15 per cent rate.
- Growth rates are based on company gross operating surplus (GOS), adjusted to take into account the effects of many companies having substituted accounting periods.
- Estimates have been rounded to the nearest \$100 million.

Behavioural 'bring forward' assumption – company tax cut and company levy

- With a start date of 1 July 2015 and announcement of these proposals in 2013 the PBO considers that there is sufficient time for companies to take steps to change the timing of their deductions and income in the financial year prior to the start date in order to benefit from the net changes in the company rate. Having a long lead time increases the likelihood of a behavioural response that would increase the cost of transition to the proposal and decrease revenue.
 - The PBO has assumed that around 0.5 per cent of company taxable income under \$5 million would be deferred around the commencement of these proposals in order to benefit from the company tax rate cut and the 1.5 per cent company levy.

Impact of the imputation system on the costing

- The 1.5 per cent levy on company taxable income in excess of \$5 million will not be creditable for dividend imputation purposes.
- Company dividends and imputation:
 - For companies with taxable incomes up to \$5 million, where the rate of company tax paid is cut and no levy is imposed, the PBO has assumed that approximately one half of the tax cut will be distributed to shareholders and one half retained in the company and that around 60 per cent of shareholders are residents.
 - For companies with taxable incomes of \$5 million or more, where the 1.5 per cent levy on that part of a company's taxable income greater than \$5 million mostly offsets the company tax cut on that part of their taxable income, the PBO has assumed that there would be no change in the level of cash dividends paid.
 - For all company dividends paid from 1 July 2015, the rate at which franking credits attach to dividends falls in line with the reduction in the statutory company tax rate.

Timing assumptions

- The PBO has assumed that the pay as you go (PAYG) instalment system will remain unchanged and that the ATO will not vary instalment rates. In addition, the costing assumes that companies would not vary their instalment amounts from the ATO 'safe harbour' amount.

POLICY COSTING – POST ELECTION REPORT

- The costing also assumes that company substituted accounting period timing will apply to the costings from 1 July 2015.
- The PBO has assumed that the levy is collected via the company pay as you go (PAYG) instalment system. This means that the levy would have the same timing as the changes in company tax rate.

Methodology

The cost of the company tax rate cut was estimated by calculating company and shareholder tax revenue using the proposed tax structure and various assumptions over the 2013-14 Budget forward estimates period and subtracting the amount of base company and shareholder tax revenue that is expected to be collected over the same period.

The cost of the company levy was estimated by calculating company and shareholder tax revenue and the proposed levy using the proposed tax structure and various assumptions over the 2013-14 Budget forward estimates period and subtracting the amount of base company and shareholder tax revenue that is expected to be collected over the same period.

Reducing the generally applicable company tax rate will have an ongoing impact on the rate at which dividends paid to shareholders are franked. When the company tax cut is combined with a company levy that will not generate franking credits the imputation credit attaching to a fully franked dividend will fall under this proposal from 3/7ths of the fully franked cash dividend paid to 28.5/71.5ths of the fully franked cash dividend paid.

Data sources

Data sources include ATO tax return data for companies, individuals and the superannuation business of life insurance companies up to the 2009-10 financial year.

The data includes entities that are taxed as companies.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

Table A1 provides a detailed breakdown of the financial implications of the proposed company tax rate cut to 28.5 per cent.

Table A1: Revenue impacts – fiscal balance and underlying cash balance (\$m)

Proposal	Revenue	2013-14	2014-15	2015-16	2016-17	Total
Reduce the company tax rate from 30 per cent to 28.5 per cent	<i>Companies</i>	-	-400	-500	-5,600	-6,500
	<i>Individuals</i>	-	-	200	1,400	1,600
	<i>Total impact</i>	-	-400	-300	-4,200	-4,900

Note: A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A positive number for the fiscal balance indicates an increase in receipts in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue in cash terms. A negative number for the fiscal balance indicates a decrease in receipts in accrual terms. Totals may not add due to rounding.

Table A2 provides a detailed breakdown of the financial implications of the proposed 1.5 per cent company levy.

Table A2: Revenue impacts – fiscal balance and underlying cash balance (\$m)

Proposal	Revenue	2013-14	2014-15	2015-16	2016-17	Total
Introduce a 1.5 per cent levy on company taxable income over \$5 million	<i>Companies</i>	-	300	300	3,700	4,300
	<i>Individuals</i>	-	-	-	-	-
	<i>Total impact</i>	-	300	300	3,700	4,300

Note: A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A positive number for the fiscal balance indicates an increase in receipts in accrual terms.

Table A3 provides a detailed breakdown of the financial implications of the proposed company tax rate cut to 28.5 per cent and the proposed 1.5 per cent company levy.

Table A3: Revenue impacts – fiscal balance and underlying cash balance (\$m)

Proposal	Revenue	2013-14	2014-15	2015-16	2016-17	Total
Reduce the company tax rate from 30 per cent to 28.5 per cent and introduce a 1.5 per cent levy on company taxable income over \$5 million	<i>Companies</i>	-	-100	-200	-1,700	-2,000
	<i>Individuals</i>	-	-	200	1,300	1,500
	<i>Total impact</i>	-	-100	-	-400	-500

Note: A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A positive number for the fiscal balance indicates an increase in receipts in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue in cash terms. A negative number for the fiscal balance indicates a decrease in receipts in accrual terms. Tables 1 and 2 may not add to Table 3 due to rounding.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Doubling practice incentive payments for General Practice teaching
Summary of proposal:	<p>The proposal will double the Practice Incentive Payment (PIP) for teaching from \$100 to \$200 per session from 1 January 2015.</p> <p>The PIP teaching payment aims to encourage general practices to provide teaching sessions to undergraduate and graduate medical students preparing for entry into the medical profession.</p>
Party:	Coalition
Date of public release of policy:	22 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Health and Ageing (DoHA) • Department of Human Services (DHS)

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$119.0 million over the 2013-14 Budget forward estimates period. The proposal will also have an ongoing impact that extends beyond the forward estimates period and is expected to grow in line with the trend growth exhibited in the last two years of the forward estimates. This impact is entirely due to an increase to expenses.

The costing includes departmental funding of \$4.8 million over the 2013-14 Budget forward estimates period, related to the cost of additional transactions it is projected DHS will administer under the proposal.

This costing is considered to be of medium reliability as it estimates teaching sessions based on increased general practitioner participation, which in actual terms may vary considerably.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-21.8	-46.9	-50.2
Fiscal balance (\$m)	-	-21.8	-46.9	-50.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(b) Figures in the table may not add to totals quoted elsewhere in the costing minute due to rounding.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

Consistent with advice provided by the Coalition, the PBO has used a 1 January 2015 implementation date to cost this proposal.

In addition, the PBO has assumed that:

- DoHA will administer the policy change from within the current departmental funding allocation for this program, and
- the increase in participating practices from doubling the PIP will be consistent with the 23 per cent increase in participating practices from 2003-04 to 2009-10 as a result of the 2004-05 increase in PIP payment of \$50 to \$100.

Based on advice and information from DoHA, the PBO has assumed that current rural loading arrangements, which apply a sliding scale of loadings based on the degree of remoteness of participating practices, will be applied to the new higher payment.

Methodology

Costs under the proposal are a combination of administered expenses that will be borne by DoHA and departmental funding for additional administration expenses incurred by DHS.

Administered costs – Department of Health and Ageing

The total cost of the modified scheme was derived by multiplying the estimated number of teaching sessions (including additional sessions resulting from the increased incentive) by the increased session payment of \$200 and adding on an additional 20 per cent for the rural loading. The current program estimates were then deducted to estimate the budget impact of the proposal.

In order to estimate the revised number of teaching sessions, the following calculations were undertaken:

- the current average teaching sessions per practice was derived by dividing each year's current session estimates by the number of participating practices
- the number of practices participating in the program and receiving PIP teaching incentives was increased by 23 per cent (refer to Key assumptions), and
- the revised number of teaching sessions was then calculated by multiplying the revised practice estimates by the current average session per practice.

Departmental costs – Department of Human Services

The total departmental cost was calculated by multiplying the estimated number of additional transactions by the processing cost per transaction.

Data sources

From DoHA, the PBO obtained the *Practice Incentive Payment – Teaching payment forward estimates model*.

From DHS, the PBO obtained the estimated processing cost per transaction for the 2013-14 Budget forward estimates period.

The PBO also consulted the *2003-04 Department of Health and Ageing Annual Report*.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Investing in medical internships
Summary of proposal:	<p>The proposal aims to fund an additional 100 intern places within private hospitals for medical students on an ongoing basis.</p> <p>The aim of the proposal is to increase the number of opportunities for medical graduates to achieve full registration with the Medical Board of Australia through completing the required 47 weeks of clinical training.</p> <p>The proposal will have effect from 1 January 2014.</p>
Party:	Coalition
Date of public release of policy:	22 August 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$39.7 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase to expenses. This proposal will have an ongoing impact that extends beyond the forward estimates period and is expected to grow in line with the trend growth exhibited in the forward estimates.

This costing is considered to be of medium reliability as it is based on forecasts of costs for intern training placements and estimated administrative funding, that in actual terms may vary.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-5.5	-11.2	-11.4	-11.6
Fiscal balance (\$m)	-5.5	-11.2	-11.4	-11.6

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms

Key assumptions

In costing the proposal, the PBO has assumed that New South Wales cost factors for internships are a reasonable estimate for other jurisdictions.

POLICY COSTING – POST ELECTION REPORT

Methodology

The costing was calculated by multiplying the cost of an individual intern place, derived by adding the intern salary of \$57,422 and fixed costs (including training) per intern of \$50,943, by 100 new places to total \$10.8 million.

As the intern salary and fixed cost factors used were from 2012, the forward estimates were calculated by applying indexation and the 2013-14 estimate was halved to account for the 1 January 2014 start date.

No departmental funding was provided as postgraduate medical internships are managed by State and Territory Governments (see [Data sources](#)).

Data sources

- University of Sydney School of Medicine, 2012, Study of internship program costs:
<http://www.heti.nsw.gov.au/Global/HETI-Resources/prevocational/Med-Ed-Forum/13%20internship%20program%20costs.pdf>
 - Annual intern salary of \$57,422 and fixed costs (including training) per intern of \$50,943.
- Report on the Audit of Health Workforce in Rural and Regional Australia:
<http://www.health.gov.au/internet/publications/publishing.nsf/Content/work-res-ruraud-toc~work-res-ruraud-3~work-res-ruraud-3-2~work-res-ruraud-3-2-1~work-res-ruraud-3-2-1-med>
 - Following completion of medicine at university, all students are required to complete an intern year (PGY1) prior to being eligible for registration. This training year is completed in the hospital sector and therefore funded and managed by State and Territory Governments.
- 2013 PEFO report parameters



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Full implementation and expansion of bowel cancer screening
Summary of proposal:	This proposal will accelerate the expansion of the National Bowel Cancer Screening (NBCS) program so that all Australians aged 50 to 74 are eligible for biennial bowel cancer screenings by 2020-21. The proposal will have effect from 1 July 2015.
Party:	Coalition
Date of public release of policy:	22 August 2013
Agencies from which information was obtained:	Department of Health and Ageing

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$46.3 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase in expenses.

This proposal will have an impact that extends beyond the forward estimates period, with the full annual cost expected to peak when implementation under this proposal is reached in the 2020-21 financial year.

This proposal extends a current program for which funding already exists in the estimates. Under current policy settings:

- for the period until 1 July 2015, all Australians are eligible to participate in the NBCS program in the year in which they turn 50, 55, 60 or 65, and
- from 1 July 2015, eligibility for this program will be expanded such that by 2033-34 all Australians aged 50 to 74, will be eligible to participate in the NBCS program on a biennial basis.

The additional impact from 2015-16 to 2033-34 is estimated to be \$850.1 million.

Details of the gross cost of the accelerated introduction of biennial screening, the current estimates, and the net impact on the Budget bottom-line can be found in Table A1 at [Attachment A](#). Taking into account funding which is currently factored into the medium term estimates, the net impact of this proposal will continue to diminish from 2021-22 until 2033-34. From 2033-34 onwards there will be no additional impact associated with this proposal as it will align with the current implementation arrangements of the program.

POLICY COSTING – POST ELECTION REPORT

This costing is considered to be of high reliability as gross costs for the proposal have been calculated using the current forward estimate model for the NBCS program with the eligible population figures adjusted to reflect the accelerated expansion schedule. It should be noted that any change to the implementation schedule assumed in this costing would see changes to the cost of this proposal.

No additional departmental funding for the Department of Health and Ageing (Health) has been included in this costing as the PBO considers that current departmental funding of approximately \$1.3 million per year is sufficient to manage the accelerated expansion of the program. Under the operations of the NBCS program, administrative costs for the Department of Human Services (DHS) are appropriated to Health who then reimburses DHS for their costs. These administrative costs for DHS are embedded within the established forward estimates model for the NBCS program and have subsequently increased in line with the accelerated rollout of the program.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-7.0	-39.4
Fiscal balance (\$m)	-	-	-7.0	-39.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

The PBO has assumed that:

- consistent with the current schedule for expanding eligibility, the point at which new age cohorts are added to the program will preference older persons, and the current phasing in of biennial screening over a 19 year period (2015-16 through to 2033-34) will be compressed into a six-year period (2015-16 through to 2020-21), and
- the average cost per eligible participant is unchanged by the acceleration of the expansion of the program.

Methodology

Based on the assumed accelerated expansion schedule, new eligible population estimates were derived. These new eligibility estimates were then entered into the current NBCS program forward estimates model to determine the gross costs of the accelerated expansion of the program. The estimates currently factored into the forward estimates for the existing NBCS program were subtracted from the costs of this proposal to provide the net impact to the budget bottom-line.

Data sources

- National Bowel Cancer Screening - 2012 Model - Data as of July 2013.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: BREAKDOWN OF COSTS

Table A1: Estimates and net impact until 2033-34 ^(a)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
National Bowel Cancer Screening Program – Accelerated Expansion – Gross Cost	-	-	-70.6	-104.2	-107.8	-151.4	-142.9	-176.8	-185.9	-191.3	-196.4
National Bowel Cancer Screening Program – Current estimates	-	-	63.7	64.8	70.0	76.6	90.0	92.4	110.0	127.0	132.1
Net Impact	-	-	-7.0	-39.4	-33.8	-74.7	-53.0	-84.5	-75.9	-64.4	-64.3
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
National Bowel Cancer Screening Program – Accelerated Expansion – Gross Cost	-202.1	-207.0	-212.4	-217.5	-223.7	-229.5	-236.3	-242.5	-250.0	-254.4	-3,602.8
National Bowel Cancer Screening Program – Current estimates	135.7	155.0	158.5	179.8	185.7	208.8	196.7	220.5	227.0	254.4	2,752.7
Net Impact	-66.4	-52.0	-53.9	-37.7	-38.0	-20.6	-39.5	-22.0	-23.0	-	-850.1

(a) Totals may not add due to rounding.



Parliament of Australia
Parliamentary Budget Office

COSTING – POST ELECTION REPORT

Name of proposal costed:	The Coalition's policy to index the Commonwealth Seniors Health Card
Summary of proposal:	<p>The proposal will index the income limits for the Commonwealth Seniors Health Card (CSHC) by the Consumer Price Index (CPI) on an annual basis, with indexation occurring in September each year.</p> <p>The current income limits are:</p> <ul style="list-style-type: none"> • a combined adjusted taxable income of \$80,000 per year for couples, and • an adjusted taxable income of \$50,000 for singles. <p>The proposal will have effect from 20 September 2014.</p>
Party:	Coalition
Date of public release of policy:	25 August 2013
Agencies from which information was obtained:	Department of Health and Ageing

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$101.8 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

This estimate includes departmental expenses totalling \$2.3 million over the same period.

This proposal will have an ongoing and compounding impact beyond the 2013-14 Budget forward estimates period.

A disaggregation of the costing can be found at [Attachment A](#).

The administered expenses of the proposal consist of two major components:

- the Seniors Supplement cash payment, which is made to CSHC recipients on a quarterly basis, and
- concessional health benefits, such as a lower threshold for the Extended Medicare Safety Net, bulk-billed general practitioner appointments and access to medicines listed on the Pharmaceutical Benefits Scheme (PBS) at the concessional rate.

Other benefits to cardholders, such as concessional travel, are not expected to significantly impact Australian Government budget aggregates.

POLICY COSTING – POST ELECTION REPORT

The departmental expenses consist of an upfront component for departments to update information on CHSC eligibility for the introduction of indexation, and an ongoing component due to Centrelink administering the CHSC for additional recipients.

This costing is considered to be of low reliability, as it is based on a small sample of survey data. The estimates are sensitive to the distribution of income for members of the population above Age Pension age, and the degree to which higher income health card holders access the concessional benefits associated with the card.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-0.5	-14.2	-33.4	-53.7
Fiscal balance (\$m)	-0.5	-14.2	-33.4	-53.7

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in payments in cash terms.

Key assumptions

- There is assumed to be full take-up of CSHC by the population who become eligible under the proposal.

Methodology

- Forecasts of CPI from the 2013 Pre-Election Economic and Fiscal Outlook (PEFO) report have been used to estimate the indexed thresholds and the value of the Seniors Supplement across the forward estimates period.
- The STINMOD microsimulation model has been used to estimate the number of additional seniors who will receive the CSHC.
- The number of additional CSHC holders has been multiplied by the estimated Seniors Supplement rate to provide an estimate of the impact on Seniors Supplement payments.
- The number of additional card holders has been multiplied by the average utilisation of concessional Medicare benefits by current CSHC holders to provide an estimate of the impact on Medicare expenses.
- The average annual utilisation of the PBS by current Commonwealth concession card holders aged 65 or more has been multiplied by the expected increase in CHSC holders to give an estimate of the impact of the proposal on PBS expenses.
- Departmental expenses have been estimated based on previous Budget measures and the Centrelink unit pricing costs for administering the CSHC.

Data sources

- Economic parameters as at the 2013 PEFO.
- STINMOD, a microsimulation model of the Australian personal tax and transfer system, which is based on household income survey data from 2007-08 and 2009-10.

POLICY COSTING – POST ELECTION REPORT

- The Department of Health and Ageing has provided information on the level of concessional medical benefits currently utilised by CSHC holders.
- The Department of Human Services has provided unit pricing costs for Centrelink payments from its departmental funding model.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

Table A1 provides a disaggregation of the expense impact of the proposal to index the CSHC income limit to the CPI.

Table A1. Disaggregation of costing

<i>Expense (\$m)</i>	2013-14	2014-15	2015-16	2016-17	Total
Seniors' Supplement Payments	-	5.0	12.0	19.0	36.0
Medical Concessions	-	8.5	21.0	34.0	63.5
Total administered expenses	-	13.5	33.0	53.0	99.5
Departmental expenses	0.5	0.7	0.4	0.7	2.3
Total expenses	0.5	14.2	33.4	53.7	101.8



COSTING – POST ELECTION REPORT

Name of proposal costed:	The Coalition's policy for Better Apprentice Support
Summary of proposal:	<p>The proposal will create interest-free income-contingent Trade Support Loans of up to \$20,000 over four years to assist apprentices with everyday costs during an apprenticeship.</p> <p>Trade Support loans will be repayable at the same income thresholds as FEE-HELP loans, currently set at \$51,309.</p> <p>Apprentices who successfully complete their apprenticeships will receive an immediate 20 per cent discount on the nominal value of their Trade Support Loans.</p> <p>The proposal will only apply to apprentice occupations listed on the National Skills Needs List (NSNL).</p> <p>The proposal will have effect from 1 July 2014.</p>
Party:	Coalition
Date of public release of policy:	25 August 2013
Agencies from which information was obtained:	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICSRTE)

Costing overview

This proposal is expected to decrease the underlying cash balance by \$57.3 million and the fiscal balance by \$85.3 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase in expenses. The proposal is also expected to decrease the headline cash balance over the same period by \$1.9 billion.

This proposal will have an ongoing financial impact that extends beyond the forward estimates. Financial implications between 2013-14 and 2024-25 are at [Attachment A](#).

Departmental costs are estimated at \$10.3 million over the 2013-14 Budget forward estimates period, which includes \$5.0 million for changes to IT systems and implementation costs in 2013-14, and approximately \$1.8 million per annum for additional staff to implement and manage the new scheme.

This costing is considered to be of medium reliability because it is based on the trend in apprenticeship numbers over the period of 2007 to 2012 but does not take into account the potential behavioural change resulting from this proposal.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Headline cash balance (\$m)	-5.0	-232.2	-851.5	-855.3
Underlying cash balance (\$m)	-5.0	-1.8	-13.7	-36.8
Fiscal balance (\$m)	-5.0	-8.7	-33.9	-37.7

(a) A negative number in the headline cash balance indicates the value of loan granted and departmental cost is greater than the value of repayment received. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

The PBO has assumed:

- the current trends in apprenticeship commencements would continue over the 2013-14 Budget forward estimates and beyond
- the rate of apprenticeship completions and attritions remain steady over the 2013-14 Budget forward estimates and beyond
- the repayment pattern, including the level of ‘doubtful debt’, would be consistent with the current pattern for HELP
- that all apprentices undertaking an apprenticeship in the NSNL would take up a Trade Support Loan, and
- the NSNL last updated at August 2012 would remain static over the period estimated.

Methodology

The estimated number of apprenticeship commencements for 2013 was calculated by applying an average growth rate (based on the last six years of data for commencements) to the total number of Certificate III and IV apprenticeship commencements in 2012. Estimates in subsequent years are derived by applying the same growth rate.

The average attrition and completion rate over the last six years was applied to each year to 2024-25. Consistent with the costing request, this proposal will be an element of HELP. Given this, the HELP forward estimates model was used to cost the proposal.

Data sources

- Department of Industry, Innovation, Climate Change, Research, Science, and Tertiary Education
 - Australian Vocational Education and Training Statistics: Apprentice and Trainee, July 2013
 - Higher Education Loan Program forward estimates model

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: FINANCIAL IMPLICATIONS BETWEEN 2013-14 AND 2024-25

(\$m) ^(a)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Headline cash balance	-5.0	-232.2	-851.5	-855.3	-860.9	-867.4	-874.2	-881.2	-888.1	-895.2	-902.3	-909.4	-9,022.7
Underlying cash balance	-5.0	-1.8	-13.7	-36.8	-68.9	-110.1	-101.8	-90.6	-76.5	-59.5	-39.4	-16.9	-621.0
Fiscal balance	-5.0	-8.7	-33.9	-37.7	-50.0	-73.9	-52.5	-30.6	-7.7	16.0	40.6	66.2	-177.2

(a) A negative number in the headline cash balance indicates the value of loan granted and departmental cost is greater than the value of repayment received. A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Community Development Grants programme Redirect Building Better Regional Cities programme
Summary of proposal:	The proposal will establish the Community Development Grants Programme (CDGP), partly funded by redirecting funds from the Building Better Regional Cities programme (BBRCP). This proposal will take effect in 2013-14.
Party:	Coalition
Date of public release of policy:	8 February 2013
Agencies from which information was obtained:	Department of Social Services

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$340.8 million over the 2013-14 Budget and forward estimates. This is due to an increase in expenses of \$342 million for the CDGP, offset partly by the reallocation of uncommitted funding already included in the Budget for BBRCP (\$1.2 million).

Item 7.9 of the *Fiscal Budget Impact of Federal Coalition Policies* document showed that \$25 million in 2013-14 would be redirected from BBRCP to CDGP. However, the Department of Social Services has advised that the existing funding under the BBRCP includes unallocated funding of \$1.2 million and contractual commitments of \$48.7 million in 2013-14. The high level of contractual commitments in 2013-14 reflects the fact that this is the final year of a terminating program.

The impact of redirecting funding from BBRCP is considered to be of high reliability as it is based on recent advice from the Department of Social Services. The cost of the Community Development Grants Program is considered of high reliability as it is based on the capped amounts in the party's policy.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-0.8	-160.0	-160.0	-20.0
Fiscal balance (\$m)	-0.8	-160.0	-160.0	-20.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

POLICY COSTING – POST ELECTION REPORT

Details of the components of this costing are provided in the table below.

Table 2: Elements of the costing (a)

Element (\$m)	2013-14	2014-15	2015-16	2016-17	Total
CDGP	-2.0	-160.0	-160.0	-20.0	-342.0
BBRCP uncommitted funding	1.2	-	-	-	1.2
Total	-0.8	-160.0	-160.0	-20.0	-340.8

(a) Impacts are the same on both a fiscal balance and underlying cash balance basis. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Incentives to employers to employ over 50s
Summary of proposal:	The proposal will introduce a Seniors Employment Incentive payment to employers who take on mature job seekers aged 50 or over and are unemployed for six months or more. After six months of continuous employment, there will be 13 fortnightly payments of \$250 to the employer as long as the job seeker remains employed. The proposal will have effect from 1 July 2014.
Party:	Coalition
Date of public release of policy:	4 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Employment • Department of Social Services

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$165.6 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. The proposal will have an ongoing impact that extends beyond the forward estimates period at a level similar to the estimate in 2016-17.

Departmental costs of \$0.6 million per year have been included in this costing based on advice provided by the former Department of Education, Employment and Workplace Relations.

The proposal includes savings of \$5.5 million in 2014-15 and \$2.5 million in 2015-16 as it replaces the current '10,000 jobs bonuses' component of the 2012-13 Budget measure *Economic Potential of Senior Australians – Employment assistance*, and the Enhanced Wage Subsidy scheme, which was announced as part of the Building Australia's Future Workforce Initiative in the 2011-12 Budget.

This costing is considered to be of medium reliability as there is limited data available on job outcomes of mature aged workers who meet the eligibility criteria for this proposal.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-18.3	-72.4	-74.9
Fiscal balance (\$m)	-	-18.3	-72.4	-74.9

(a) A negative number for the fiscal balance indicates a net increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a net increase in expenditure in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

Utilising a range of statistics published by the Australian Bureau of Statistics and the former Department of Families, Housing, Community Services and Indigenous Affairs as proxies, and administrative data provided by the former Department of Education, Employment and Workplace Relations, the PBO has made the following assumptions:

- The proportions of Newstart Allowance and Disability Support Pension (DSP) recipients aged 50 or over are 25.9 per cent and 55.9 per cent, respectively.
- The proportions of Newstart Allowance, DSP and Age Pension recipients, who are aged 50 or over and seeking employment are 45.5 per cent, 12.2 per cent and 4.85 per cent, respectively.

Based on a similar costing completed in the past, the PBO has assumed that in any one year, 10 per cent of mature age job seekers find a job and remain employed for a minimum of six months.

Furthermore, the PBO has made the following assumptions in costing this proposal:

- Subsequent to the initial six months of employment, 5 per cent of the employees remaining would leave their employer each month.
- 100 per cent of employers who hire an eligible mature age worker would take up the incentive payment on the basis that doing so is in their own best interest.
- The *Coalition's Plan to Grow Tasmania*, which includes a similar trial jobs program, would have a negligible impact on the demand for this program.

Methodology

The assumptions outlined in the first two dot points in *Key assumptions* are applied to the total benefit recipient population to arrive at the population of eligible job seekers. The remaining assumptions were then applied to this population to arrive at the number of job seekers expected to find a job and remain employed for at least six months. This figure was then multiplied by the value of each fortnightly payment to determine the cost of the proposal.

Data sources

- 2012-13 Budget Paper No.2, pg. 110
 - Expense measure 'Economic Potential of Senior Australians – Employment assistance'
- Former Department of Families, Housing, Community Services and Indigenous Affairs
 - Estimates of DSP and Age Pension recipient population
 - *Statistical Paper No. 10 – Income support customers: a statistical overview 2011*
 - *Characteristics of Disability Support Payment Recipients, June 2011*
- Former Department of Education, Employment and Workplace Relations
 - Estimates of Newstart Allowance recipient population
 - Enhanced Wage Subsidy information portal
<https://deewr.gov.au/enhanced-wage-subsidy>

POLICY COSTING – POST ELECTION REPORT

- Australian Bureau of Statistics
 - *Disability and Work*, article in *Australian Social Trends*, Catalogue Number 4102.0, March Quarter 2012



COSTING – POST ELECTION REPORT

Name of proposal costed:	Jobseeker relocation allowance and job commitment bonus for young people
Summary of proposal:	<p>The proposal will introduce two initiatives aimed at increasing employment participation.</p> <p>i) Jobseeker relocation allowance</p> <p>This initiative will provide unemployed jobseekers on Newstart Allowance a payment of up to \$6,000 if they relocate to take up a job.</p> <p>Jobseekers will be provided with \$3,000 if they relocate to a metropolitan area and \$6,000 if they relocate to a regional area. Jobseekers with dependent children will also be eligible for an additional payment of up to \$3,000.</p> <p>Jobseekers that do not remain employed for at least six months will be ineligible to receive further benefits for a six month period, unless reasonable grounds for job separation can be demonstrated.</p> <p>Employers will receive a payment of \$2,500 for employing an eligible jobseeker under this policy. Payments will be made at \$500 per week for the first five weeks of employment.</p> <p>ii) Job commitment bonus</p> <p>The initiative will provide bonus payments to long term unemployed Newstart Allowance and Youth Allowance (Other) recipients, aged 18 to 30, who find employment and remain employed for a continuous period of 24 months. The bonus payments will be made after 12 and 24 months of continuous employment for the amounts of \$2,500 and \$4,000 respectively.</p> <p>This proposal will have effect from 1 July 2014.</p>
Party:	Coalition
Date of public release of policy:	27 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Education • Department of Finance

POLICY COSTING – POST ELECTION REPORT

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$74.5 million over the 2013-14 Budget forward estimates period. This proposal will have an ongoing impact that extends beyond the forward estimates period.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-0.5	-4.8	-20.9	-48.3
Fiscal balance (\$m)	-0.5	-4.8	-20.9	-48.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

The costings for each component of this policy are outlined separately in the sections below.

(i) Jobseeker relocation allowance

Overview

This initiative is expected to increase the underlying cash and fiscal balances by \$17.4 million over the 2013-14 Budget forward estimates period. This impact is due to a net decrease in expenses.

Departmental costs of \$2.0 million per year have been included in this costing. Of this, \$0.5 million will be for the Department of Education to implement the policy and \$1.5 million for the Department of Human Services to manage the program. These estimates are based on analysis undertaken in costing this proposal following the 2010 Election. Departmental costs will flow from 2013-14 to allow for the program to be set up prior to commencement.

This element of the costing is considered to be of high reliability as it is based on the results of a pilot program with a similar purpose and the same incentive payments.

Table 2: Financial implications (outturn prices)^{(a) (b)}

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-0.5	-2.4	7.8	12.4
Fiscal balance (\$m)	-0.5	-2.4	7.8	12.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

(b) Differences between totals are due to rounding.

Key assumptions

The PBO assumes that the eligibility criteria and take up of this policy will be similar to the *Connecting People with Jobs* pilot program which was in operation from 1 January 2011 through to 31 December 2012. This pilot allocated funding for up to 4,000 individuals to be compensated for relocating for employment. The payment rates for the pilot were the same as those proposed in this policy.

POLICY COSTING – POST ELECTION REPORT

While a majority of people claiming the Newstart allowance were eligible, only 1,031 people relocated for employment as part of this pilot over the two year period.

Guided by data generated from the pilot program, PBO has made the following assumptions:

- 88 per cent of people claiming the Newstart allowance will be eligible for relocation grants.
- This is a demand driven program and based on the take up rates of the pilot program, it is estimated that approximately 680 people per year will access relocation grants. Of these, 26 per cent will be relocated to metropolitan areas, 74 per cent to regional areas. Of people relocating under the program, 22 per cent will have dependents and be eligible for an additional payment.
- Savings from pausing benefit payments of jobseekers that do not remain employed for at least six months are expected to be minimal and have not been included in this costing. Of the 1,031 participants in the pilot program, only four people had their payments paused as a result of not remaining in employment for six months.

Further to this the PBO has made the following assumptions:

- Each participant will exhaust the full amount of funding to which they are eligible.
- On the basis that the program will be managed in a way that ensures relocation bonuses will be directed to filling vacancies that employers are unable to fill from within their own region, savings to Newstart Allowance will be a direct effect of the proposal
 - Based on the average length of time a person would have spent on Newstart had they not participated in the program, the growth in the number of participants no longer claiming Newstart plateaus after two years.

Methodology

Using the assumptions outlined above the PBO derived the overall costs by forecasting the:

- Newstart population who would be eligible to apply for grant funding
- take-up rate and participants each year
- split between those relocating to metropolitan and regional areas, as well as participants with dependents who will be eligible for additional funding, and
- savings to Newstart as a result of this proposal.

(ii) Job commitment bonus

Overview

This initiative is expected to decrease both the underlying cash and fiscal balances by \$91.9 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

Individuals will be eligible from 1 July 2015 for the 12 month job commitment bonus payment with the full year ongoing impact of this proposal evident from 1 July 2016 when both 12 and 24 month bonus payments will be available to eligible recipients.

POLICY COSTING – POST ELECTION REPORT

Departmental costs of \$2.5 million per year from the start date of 1 July 2014 have been included in this costing based on advice DEEWR and Centrelink provided to Finance in costing this proposal following the 2010 Election.

This element of the costing is considered to be of medium reliability as there is limited data available on the job outcomes of long term unemployed beyond 12 months of leaving income support.

Table 3: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-2.5	-28.7	-60.7
Fiscal balance (\$m)	-	-2.5	-28.7	-60.7

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Assumptions

The PBO has made the following assumptions in costing this proposal:

- Approximately 14 per cent of individuals receiving Youth Allowance (Other) and 8 per cent of individuals receiving Newstart Allowance are long term unemployed, seeking employment and aged 18 to 30. This is consistent with information reported by FaHCSIA in *Income support customers: a statistical overview 2011*.
- In a twelve month period, 39 per cent of long term unemployed individuals will find a job. It is assumed that job outcomes described by duration of unemployment in DEEWR's *Labour Market Assistance Outcomes Report – September 2012*, apply equally across age groups.
- Three months after finding a job, 65 per cent of previously long term unemployed individuals will still be employed (according to DEEWR's *Labour Market Assistance Outcomes Report – September 2012*). Of this cohort, it is estimated that approximately 60 per cent will not have returned to welfare after 12 months based on advice provided by DEEWR. It is assumed that not returning to welfare is equivalent to remaining employed for the purposes of this costing.
- Of the cohort of long term unemployed who reach 12 months employment, it is assumed that 80 per cent will remain employed at the end of 24 months. This is consistent with the average tenure of individuals currently employed for more than one year with their current employer as reported by the ABS in *Labour Mobility, Australia February 2012*.

Methodology

Using the assumptions outlined above, the population of eligible individuals expected to find a job and remain employed for at least 12 and 24 months was multiplied by the bonus payment of \$2,500 and \$4,000 respectively as specified in the policy document, with departmental costs added to the total.

POLICY COSTING – POST ELECTION REPORT

Data sources

- Australian Bureau of Statistics
 - Labour Mobility, Australia - February 2012
- Department of Education, Employment and Workplace Relations
 - Information on the utilization and eligibility requirements of the Connecting People with Jobs pilot program from 1 January 2011 through to 31 December 2012
 - Labour Market Assistance Outcomes Report – September 2012 - http://foi.deewr.gov.au/system/files/doc/other/labour_market_assistance_outcomes_september_2012.pdf
 - Projections of the numbers of Newstart Allowance recipients
- Department of Families, Housing, Community Services and Indigenous Affairs
 - Statistical Paper No. 10 – Income support customers: a statistical overview 2011
- Questions on Notice
 - DEEWR Question No. EW0645_13, Supplementary Budget Estimates 2012-13, Senate Standing Committee on Education Employment and Workplace Relations.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Clear 30,000 Border Backlog
Summary of proposal:	<p>The proposal will alter Government policy for the processing of Irregular Maritime Arrivals (IMAs) by:</p> <ul style="list-style-type: none"> • stopping the use of Special Humanitarian Program (SHP) Visas to settle IMAs in the community • introducing Temporary Protection Visas (TPVs) granted for a maximum of three years • restricting eligibility for Protection Visas (PVs) to IMAs who have held a TPV for at least five years • removing the benefit of the doubt for IMAs who do not have travel and identity documentation • replacing the current statutory review process for negative refugee status assessments for IMAs with a non-statutory review, and • introducing a ‘rapid assessment’ for IMAs who the Department of Immigration and Border Protection suspect (on arrival) are not likely to be genuine refugees, and a ‘rapid removal’ process for those found not to be refugees. <p>The proposal will have effect in 2013-14.</p>
Party:	Coalition
Date of public release of policy:	5 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Immigration and Border Protection (DIBP) • Department of Finance

Costing overview

This proposal is expected to increase both the underlying cash balance and fiscal balance by \$39.8 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a net decrease in expenses.

Departmental costs have been included in this costing as they are built into DIBP’s *Demand Driven Model for Irregular Maritime Arrivals* (DIBP’s Model) (see [Methodology](#)).

The costing is considered to be of low reliability as it uses DIBP’s Model, which was built to reflect specific policy parameters under the Labor Government’s border protection policies. Any changes in the Model’s key variables would also affect the estimated savings. These key variables include the actual number of IMAs in any given month, detainee placement across the detention network, and the actual number of people settled or returned to their country of origin.

POLICY COSTING – POST ELECTION REPORT

The estimates in this costing differ from those presented in the Coalition’s report due to the PBO’s use of DIBP’s Model, which the Coalition did not have access to at the time of their costing.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-34.2	54.6	28.5	-9.2
Fiscal balance (\$m)	-34.2	54.6	28.5	-9.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

Key assumptions

Based on information provided by the Coalition in relation to new and existing asylum seekers in detention and the community, the proposal assumes that:

- the combined effect of policies to remove the benefit of the doubt for IMAs who do not have identity documentation, to replace statutory reviews with non-statutory reviews, and to implement a ‘rapid assessment’ and ‘rapid removal’ process, will be to increase the monthly removal rate of IMAs from the current rate of 6 per cent to 50 per cent and to decrease the time it takes to removal from the current average of 75 days to 49 days
- the combined effect of withdrawing Humanitarian Program Visas for IMAs, replacing these with TPVs, and restricting eligibility for PVs to those IMAs who have held a TPV for at least five years, will increase by five years the time it takes to settle an asylum seeker found to be a genuine refugee (currently an average of around six months)
- unlike the current cap on PV places of 7,000 per annum, there will be no cap applied on the number of TPVs granted
- IMAs will be processed at Regional Processing Centres (RPCs) as a matter of priority, and only when RPCs are full would they be processed onshore in detention or the community, and
- asylum seekers processed and given a TPV on RPCs will be transferred onshore to reside in the community with work rights until they are settled on a PV, or if circumstances change in their home country, returned home.

In addition, the PBO has assumed that:

- TPVs cost the same to assess and administer as PVs, and
- TPVs will be granted for a full three years and then be renewed for a further three years after which point the holder will be eligible to apply for a PV.

Finally, the proposal has been costed assuming an interaction with the *Coalition’s Policy for a Regional Deterrence Framework to Combat People Smuggling (COA150)* and the *Coalition’s Dividend from Stopping the Boats (COA047)*. To account for these interactions, the PBO has used Coalition specified arrivals numbers and increased offshore processing capacity of 2,000 on Nauru.

POLICY COSTING – POST ELECTION REPORT

Methodology

The PBO started with DIBP's Model as at the Pre-election Economic and Fiscal Outlook (PEFO) in September 2013 and made changes to its parameters to reflect the assumptions made above. The difference between the Model's estimates at PEFO and the Model's estimates with the Coalition's changed parameters is the financial impact of this proposal.

Data sources

- Immigration's Demand Driven Model for Irregular Maritime Arrivals
- The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog, accessed: <http://paweb-static.s3.amazonaws.com/Policies/ClearLabor30000BorderFailureBacklog.pdf>.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Border security – withdraw taxpayer funded immigration assistance to illegal boat arrivals
Summary of proposal:	<p>This proposal will reduce taxpayer funded immigration assistance under the Immigration Advice and Application Assistance Scheme (IAAAS) for those who arrive illegally by boat (or any other means) to prepare asylum claims and make appeals.</p> <p>The remaining funds will provide:</p> <ul style="list-style-type: none"> • clear instructions in multiple languages setting out the application and assessment process • interpreters and staff of the Department of Immigration and Border Protection to answer any questions about the process, and • facilitated access to private and/or pro bono immigration advice.
Party:	Coalition
Date of public release of policy:	31 August 2013
Agencies from which information was obtained:	Department of Immigration and Border Protection

Costing overview

This proposal is expected to increase the underlying cash and fiscal balances by \$100 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a decrease in expenses.

This costing is considered to be of high reliability as it is based on a fixed funding reduction to an existing program.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	28.0	35.0	20.0	17.0
Fiscal balance (\$m)	28.0	35.0	20.0	17.0

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has confirmed with the Department of Immigration and Border Protection that there are sufficient uncommitted funds within the IAAAS to accommodate the reduced funding.

The PBO has made no assumptions as to the adequacy of remaining funds to provide:

- clear instructions in multiple languages setting out the application and assessment process
- interpreters and staff of the Department of Immigration and Border Protection to answer any questions about the process, and
- facilitated access to private and/or pro bono immigration advice.

Data sources

- Forward estimates data for the IAAAS provided by the Department of Immigration and Border Protection.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Border security - dividend from stopping the boats
Summary of proposal:	<p>The Coalition Border Protection policies aim to achieve a reduction in Irregular Maritime Arrivals (IMAs) which would generate savings to the Budget.</p> <p>These savings are expected to arise from reduced IMA detention and processing costs in the on-shore detention network and from savings arising from the closure of several on-shore detention facilities that would no longer be needed.</p> <p>The proposal will have effect from 2013-14.</p>
Party:	Coalition
Date of public release of policy:	5 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Immigration and Border Protection (DIBP) • Department of Finance

Costing overview

The reduction in the number of IMAs specified by the Coalition would be expected to increase both the underlying cash balance and fiscal balance by \$1.2 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to a decrease in expenses.

Departmental savings have been included in this costing as they are built into the DIBP's *Demand Driven Model for Irregular Maritime Arrivals* (the Model) (see [Methodology](#)).

The costing is considered to be of low to medium reliability as it is based on an established departmental model and a reduction in IMA numbers specified by the Coalition. There is some uncertainty in the results due to the sensitivity of the Model to variations in actual parameter values from those specified in the simulations, including variations in relation to the number of IMAs in any given month, detainee placement across the detention network and in the community, and the number of people settled or returned to their country of origin. The estimated savings from the closure of onshore detention facilities included in this costing are considered to be of low to medium reliability as the order of closure of the facilities is based on assumptions inherent in the DIBP Model rather than any policy specification. These closures may also incur termination costs that have not been included in this costing.

The estimates in this costing differ from those presented in the Coalition's report due to the PBO's use of the Model, to which the Coalition did not have access at the time of their costing (see [Methodology](#)).

POLICY COSTING – POST ELECTION REPORT

A reduced number of IMAs coupled with other aspects of the Coalition's Border Protection policies such as processing in RPCs as a matter of priority, would reduce the demand on the current on-shore detention network and thereby make it possible to shut some of the centres down. This costing includes savings from reducing the capacity of the on-shore detention network by 40 per cent of its current total. The effect of these closures is shown at [Attachment A](#).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	294.3	283.5	281.2	353.0
Fiscal balance (\$m)	294.3	283.5	281.2	353.0

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

Key assumptions

The Coalition has assumed that the introduction of the *Coalition's Plan for More Secure Borders* will lead to a reduction in IMAs over the 2013-14 Budget forward estimates period. The difference between the Coalition's assumptions and the assumed arrival rate as at the 2013 Pre-Election Economic and Fiscal Outlook (PEFO) is outlined in Table 2.

Following policy clarification provided by the Coalition the PBO costing includes savings that may be realised from closing down on-shore detention centres (see [Attachment A](#)), commencing from 1 January 2014. These savings include the operating and maintenance costs of those centres.

Due to modelling methodology the impact that lower arrival rates would have on the use of Regional Processing Centres is contained in the costing minute for *Regional Cooperation to Combat People Smuggling* (see: COA150).

Table 2: Estimated Irregular Maritime Arrivals (IMA) for former Department of Immigration and Citizenship's Offshore Asylum Seeker Management Program

	2013-14	2014-15	2015-16	2016-17	Total
PEFO Estimated Arrivals	15,600	8,826	4,452	4,452	33,330
PEFO Arrivals per Month (derived)	1,300	736	371	371	
Coalition Estimated Arrivals	13,181	4,625	1,452	663	19,921
Coalition Estimated Arrivals per Month (derived)	1,098	385	121	55	

Methodology

The PBO used the Coalition's projected IMAs to run a simulation using DIBP's Demand Driven Model. To estimate savings from the closure of on-shore detention centres the PBO then altered the simulation to close centres in the order specified in the Model. The difference between the Model's PEFO estimates and the model output following the changes to IMA arrival numbers and detention centre closures derived the financial impact of this proposal as shown in Table 1 (above).

POLICY COSTING – POST ELECTION REPORT

Data sources

- DIBP's *Demand Driven Model for Irregular Maritime Arrivals* was used to estimate the financial implications of this proposal.
- Estimated arrival numbers from the 2013 Pre-election Economic and Fiscal Outlook report.
- Information on projected arrivals was provided by the Coalition.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A

Table A1: Estimated financial impact of Dividend from Stopping the Boats by component^{(a)(b)}

	2013-14	2014-15	2015-16	2016-17	Total
Fewer IMAs (\$m)	112.2	181.1	205.9	276.9	776.2
Closing on-shore detention centres (\$m)	182.1	102.5	75.3	76.0	435.8
Total impact (\$m)	294.3	283.5	281.2	353.0	1,212.0

(a) A positive number indicates a decrease in expenses in both accrual and cash terms

(b) Totals may not sum due to rounding.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Reverse change to FBT arrangements for cars
Summary of proposal:	The proposal is not to proceed with the abolition of the statutory formula method for calculating Fringe Benefits Tax (FBT) on motor vehicles that was announced in the 2013 Economic Statement.
Party:	Coalition
Date of public release of policy:	5 September 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by around \$1.8 billion over the 2013-14 Budget forward estimates period. This impact reflects a decrease in expenses of around \$400 million and a decrease in revenue of around \$2.2 billion over this period. A disaggregation of this costing into its costing components is provided at [Attachment A](#).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-75	-330.9	-617.2	-771.8
Fiscal balance (\$m)	-75	-330.9	-617.2	-771.8

(a) A negative number for the fiscal balance indicates an increase in expenses or a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates an increase in payments or a decrease in receipts in cash terms.

Key assumptions

The PBO assumes that any change in economic activity as a result of the announcement of the measure *Fringe benefits tax – better targeting actual business use for car fringe benefits* in the 2013 Economic Statement does not have a significant impact on overall economic activity for the 2013-14 financial year or FBT year.

Methodology

The estimates in this costing were derived by reversing the estimates of the measure *Fringe benefits tax – better targeting actual business use for car fringe benefits* in the 2013 Economic Statement, which were current as at the 2013 Pre-Election Economic and Fiscal Outlook report.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING COMPONENTS

Table A1 provides a disaggregation of the costing components of this proposal.

Table A1. Disaggregation of financial impact

	2013-14	2014-15	2015-16	2016-17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Impact on					
Receipts (a)	-75.0	-410.0	-750.0	-960.0	-2,195.0
Payments (a)	-	-79.1	-132.8	-188.2	-400.1
Underlying cash balance (b)	-75.0	-330.9	-617.2	-771.8	-1,794.9
Impact on					
Revenue (a)	-75.0	-410.0	-750.0	-960.0	-2,195.0
Expense (a)	-	-79.1	-132.8	-188.2	-400.1
Fiscal balance (b)	-75.0	-330.9	-617.2	-771.8	-1,794.9

Notes:

(a) A minus sign before the estimate indicates a reduction in expenses, payments, receipts or revenue.

(b) A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.



Parliament of Australia
Parliamentary Budget Office

COSTING – POST ELECTION REPORT

Name of proposal costed:	The Coalition's policy for fair indexation of military super
Summary of proposal:	<p>The proposal is to change the indexation arrangements for pensions payable under the Defence Forces Retirement Benefit (DFRB) and Defence Force Retirement and Death Benefits (DFRDB) to be the same as the indexation method applying to the maximum basic rate of the Age Pension for superannuants aged 55 and over.</p> <p>The <i>2013 Economic Statement</i> announced changes to the indexation of these pensions. Currently they are indexed by the Consumer Price Index (CPI) and from 1 July 2014 will be indexed by the higher of the CPI or the Pensioner and Beneficiary Living Cost Index (PBLCI) for superannuants aged 65 and over.</p> <p>The proposal will have effect from 1 July 2014.</p>
Party:	Coalition
Date of public release of policy:	2 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Defence, and • Australian Government Actuary

Costing overview

This proposal will significantly increase the Government's unfunded superannuation liabilities, with effect from 1 July 2014. As a result, the Government's net worth will be reduced by around \$4 billion in 2014-15, with this reduction reaching around \$4.4 billion by the end of the forward estimates period in 2016-17. The impact on net worth reflects a revaluation of the stock of unfunded future superannuation liabilities as at 1 July 2014 as a result of the proposed change to the indexation arrangements for DFRB and DFRDB superannuants aged 55 and over. The proposal will continue to reduce the Government's net worth well beyond the forward estimates period due to the continuing accumulation of superannuation liabilities and notional interest on accrued liabilities, with the reduction in net worth peaking at around \$7 billion in 2035-36¹.

There is a significant difference between the underlying cash balance and fiscal balance impact of this proposal. This proposal is expected to decrease the underlying cash balance by \$58.1 million and decrease the fiscal balance by around \$780.1 million over the 2013-14 Budget forward estimates period. Departmental expenses are not expected to be significant and have not been included in this costing.

¹ Projections beyond the forward estimates should be treated as broadly indicative only, as they are predicated on assumptions and point-in-time data.

POLICY COSTING – POST ELECTION REPORT

The underlying cash balance impact reflects the increase in pension payments when they are paid. This means that the annual impact of this proposal on the underlying cash balance peaks well beyond the forward estimates at around a \$460 million reduction in 2046-47, as the difference between the current indexation arrangements and those under the proposal compound over time.

The fiscal balance impact of this proposal reflects the expense incurred as a result of the increase in the net present value of estimated future unfunded superannuation benefit payments. The proposal will have an ongoing impact on the fiscal balance, with the annual impact peaking beyond the forward estimates at around a \$360 million reduction in 2031-32, mainly associated with the accruing superannuation entitlements of scheme members who have not retired, which then begins to decline as these members reach retirement.

The personal tax and transfer system impacts of these proposals affect both the fiscal and underlying cash balances at around the same time, when benefits are paid or when tax is collected.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-8.0	-19.7	-30.4
Fiscal balance (\$m)	-	-249.0	-260.7	-270.4
Net worth (\$m)	-	-3,954.0	-4,189.0	-4,421.0

- (a) A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.
 (b) Changes in unfunded superannuation liabilities affect the Commonwealth's net worth. A negative number for net worth indicates a reduction in net worth. For instance, the proposal is expected to decrease net worth by around \$4.4 billion by 2016-17.

The financial impact of this proposal includes revenue, expense and net worth impacts. A detailed breakdown of the components of the costing is included at [Attachment A](#).

This costing is considered to be of low to medium reliability.

Key assumptions

In 2011, the Australian Government Actuary (AGA) estimated the financial impacts of a similar proposal for each scheme, for a 1 July 2011 start date. The PBO has assumed those estimates remain representative of the impact of the proposals and has used a rule of thumb approach to update those financial impacts for the change in start date and changes in membership data and to include the interactions with the personal tax transfer system. A budget standard costing would require a full actuarial investigation; as such the rule of thumb estimates are of a lower reliability.

The PBO has assumed that the costing of the measure entitled, *Military Superannuation – higher indexation for DFRB and DFRDB pensioners over 65 years of age*, within the 2013 Economic Statement (and reconfirmed in the *2013 Pre-Election Economic and Fiscal Outlook (PEFO)* report) has been prepared on a comparable basis, allowing the impact of that measure to be netted off from the PBO estimates.

POLICY COSTING – POST ELECTION REPORT

Methodology

The PBO has updated the financial impacts for each scheme, consistent with the Budget accounting framework published by the then Department of Finance and Deregulation², for changes in membership data and the change in start dates based on AGA modelling from 2011³. These estimates were reduced for the measure entitled, *Military Superannuation – higher indexation for DFRB and DFRDB pensioners over 65 years of age*, within the 2013 Economic Statement. Additionally, the PBO has estimated some of the interactions with the personal tax and transfer system.

The interactions with the personal tax and transfer system were estimated using a combination of aggregate and microsimulation modelling approaches.

Data

- 2013 Economic Statement
- 2013 PEFO report
- Unpublished AGA modelling results for the measure entitled, *Military Superannuation – higher indexation for DFRB and DFRDB pensioners over 65 years of age*
- Unpublished AGA modelling results for a proposal to provide indexation by Male Total Average Weekly Earnings for DFRB and DFRDB pensions from age 55

² *Updated Estimates of the Costs of Alternative Indexation Arrangements for Commonwealth Superannuation Pensions*, accessed online on 2 October 2012.

³ AGA modelling results included the increases in pension payments, the unfunded liability, notional interest and service costs.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTINGS

The detailed financial implications over the 2013-14 Budget forward estimates are summarised below in Table A1.

Table A1: Financial implications^{(a)(b)}

	2013-14	2014-15	2015-16	2016-17	Total
	\$m	\$m	\$m	\$m	\$m
Underlying Cash Balance	-	-8.0	-19.7	-30.4	-58.1
Unfunded superannuation benefit payments ^(c)	-	9.0	22.0	35.0	66.0
Reduction in other Government payments ^(d)	-	-1.0	-2.0	-4.0	-7.0
Superannuation payments ^(e)	-	-	-	-	-
Receipts ^(f)	-	-	0.3	0.6	0.9
Fiscal Balance	-	-249.0	-260.7	-270.4	-780.1
Unfunded superannuation benefit payments ^(c)	-	-	-	-	-
Reduction in other Government payments ^(d)	-	-1.0	-2.0	-4.0	-7.0
Superannuation expenses ^(e)	-	250.0	263.0	275.0	788.0
Revenue ^(f)	-	-	0.3	0.6	0.9
Net Worth^(g)	-	-3,954.0	-4,189.0	-4,421.0	-4,421.0

(a) Estimates less than \$1 million are rounded to the nearest \$100,000, otherwise estimates are rounded to the nearest \$1 million.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments.

(c) Changes in superannuation pension and lump sum payments impact the underlying cash balance. This liability is also accounted for in changes in the Government's net worth and the fiscal balance as a result of notional interest that will be payable on the increased unfunded liabilities. A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

(d) Reductions in the Government payments (such as the Service pension) are a result of higher assessable Commonwealth military superannuation pension payments for DFRB and DFRDB superannuants aged 55 and over and impact both the underlying cash and fiscal balances. A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

(e) The Commonwealth's superannuation expenses only impact the fiscal balance. These expenses comprise service costs (superannuation entitlements accrued from further service or employment) and notional interest that will be payable on the increased unfunded superannuation liabilities. A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

(f) Revenue impact relates to the impact of higher income tax associated with higher taxable Commonwealth military superannuation pensions for DFRB and DFRDB superannuants aged 55 and over. A minus sign before the estimate indicates a reduction in revenue, no sign before an estimate indicates a gain to revenue.

(g) Changes in unfunded superannuation liabilities affect the Commonwealth's net worth. A negative number for net worth indicates a reduction in net worth. For instance, the proposal is expected to decrease net worth by around \$4.4 billion by 2016-17.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Reduce Public Service headcount by 12,000 through natural attrition
Summary of proposal:	The proposal will reduce the Commonwealth public service headcount by a net additional 12,000 through natural attrition by the end of two years. The proposal will have effect from 1 October 2013.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained.	Former Department of Finance and Deregulation (Finance)

Costing overview

This proposal is expected to increase the underlying cash and fiscal balances by \$5.2 billion over the 2013-14 Budget forward estimates period.

This proposal is expected to generate savings beyond the forward estimates period similar to those achieved in 2016-17, indexed for wages growth.

A tight constraint on both the engagement of new ongoing staff and re-engagement of non-ongoing staff will be required for this policy to be implemented through natural attrition without recourse to additional redundancy payments.

The savings in this proposal are entirely due to a decrease in departmental expenses across the APS.

This costing is considered to be of low to medium reliability as the PBO faces data limitations as staffing forecasts are only provided for the 2013-14 financial year and agency estimates for employee expenses are yet to reflect key public service efficiency saving measures from the 2013-14 Budget and the 2013 Economic Statement.

Table 1: Net additional 12,000 head count reduction over two years^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	303.1	1,198.4	1,790.3	1,919.9
Fiscal balance (\$m)	303.1	1,198.4	1,790.3	1,919.9

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

Consistent with advice provided by the Coalition, the following agencies were exempt in costing this proposal:

- Australian Customs and Border Protection Services
- Australian Federal Police
- Australian Security Intelligence Organisation
- Department of Defence – Military and Reserves, and
- Australian Secret Intelligence Service.

Consistent with advice provided by the Coalition:

- the APS headcount reduction commences on 1 October 2013 and is completed by September 2015, and
- in the first nine months (1 October 2013 – 30 June 2014) the APS headcount is reduced by 6,000, by a further 4,800 in 2014-15, and by a further 1,200 in the first three months of 2015-16.

The PBO has made the following assumptions in costing this proposal:

- wages will grow approximately 5.9 per cent per annum, consistent with the average growth in total remuneration packages for non-SES staff observed in 2012, as reported by the Australian Public Service Commission
- higher separation rates already inherent in the 2013-14 Budget forward estimates are facilitated by higher levels of redundancy payments
- separations due to natural attrition will continue to average approximately 5 per cent per annum (the average of the past three years' total separations of 6 per cent, less retrenchments of 1 per cent), resulting in average annual separations by natural attrition of 8,200 in 2013-14 declining to 7,500 in 2015-16.
- the costing does not take account of any potential impact this proposal may have on service delivery or revenue collection.

Methodology

Using standard calculations for the costing of public service staff, benchmarked against information provided by Finance, the PBO has determined that the average annual cost per staff member (including on-costs and ongoing corporate support) across APS agencies that are in scope of the proposal is \$134,716 in 2013-14.

For each financial year the current average salary (grown by the historical growth in total remuneration) across all non-exempt APS agencies has been multiplied by the respective cumulative number of reduced positions. These calculations have been made on a monthly basis.

POLICY COSTING – POST ELECTION REPORT

Data sources

- 2013-14 Budget Paper No. 1 - Statement 6: Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector.
- Australian Public Service Commission
 - APS Statistical Bulletin – 2011-12
<http://www.apsc.gov/about-th-apsc/parliamentary/aps-statistical-bulletin/2011-12>
 - 2012 Remuneration Report – Total Remuneration Package
<http://www.apsc.gov.au/publications-and-media/current-publications/remuneration-surveys/remuneration-report-2012/background#f2>



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Restore humanitarian immigration intake to 13,750 per annum
Summary of proposal:	The proposal will reverse the 2012-13 MYEFO measure <i>Response to the expert panel – Humanitarian migration program – additional places from 2012-13</i> to increase the humanitarian program level from 13,750 to 20,000 places per year. The proposal will have effect from 1 October 2013.
Party:	Coalition
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	Department of Resources, Energy and Tourism (RET)

Costing overview

This proposal is expected to increase the underlying cash and fiscal balances by \$1.3 billion over the 2013-14 Budget forward estimates period.

This proposal will have an ongoing impact that extends beyond the forward estimates period and is similar to that in 2016-17 and growing at around two to three per cent per year.

The savings in this costing reflect both the direct costs published in the 2012-13 MYEFO measure *Response to the expert panel – Humanitarian migration program – additional places from 2012-13* and the consequential impacts of lower refugee settlements on other Government programs.

This costing is considered to be of medium reliability. The saving arising from the Department of Immigration and Citizenship is consistent with the previous treatment of an increase in the Humanitarian Program (2011-12 Budget) which was subsequently rescinded (2011-12 MYEFO). It has been assumed that this same treatment applies to the savings that will be generated from other Government programs from lower recipient numbers.

The underlying cash and fiscal balance impacts of this proposal vary slightly due to timing differences in income support payments between when the expense is recorded and the cash is received by recipients.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	141.1	267.2	371.6	488.7
Fiscal balance (\$m)	141.3	267.3	371.7	488.7

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

Key assumptions

Consistent with advice provided by the Coalition the PBO has assumed that the humanitarian intake for the 2013-14 financial year will still be capped at 13,750 and the intake following 1 October 2013 will be limited to meet the 13,750 cap.

Methodology

The estimates in this costing assume the removal of funding currently reflected in the 2013-14 Budget forward estimates period based on the cost of the 2012-13 MYEFO measure, with an allowance made for the cost of the additional intake of persons in 2012-13.

Based on advice provided by the Department of Immigration and Citizenship a pro-rata reduction to the savings from this proposal has also been made due to the *Humanitarian Settlement Services - reduction of support for those already in the community* measure published in the 2 August 2013 Economic Statement.

Data sources

- 2012-13 MYEFO - Response to the expert panel — Humanitarian migration program — additional places from 2012-13
http://www.budget.gov.au/2012-13/content/myefo/html/09_appendix_a_expense-12.htm
- Department of Immigration and Citizenship – Agency Supplementary Estimates Statement
http://www.immi.gov.au/about/reports/budget/budget12/_pses-pdf/agency-measures-table.pdf
- 2011-12 Budget Paper No. 2 - Humanitarian Migration Program — increase of 4,000 places
http://www.budget.gov.au/2011-12/content/bp2/html/bp2_expense-14.htm
- 2011-12 MYEFO - Humanitarian Migration Program — decrease of 4,000 places
http://www.budget.gov.au/2011-12/content/myefo/html/09_appendix_a_expense-12.htm



COSTING – POST ELECTION REPORT

Name of proposal costed:	Redirect National Crime Prevention Fund to the Coalition's Safer Streets Program Safer Streets – Protecting Communities from Crime
Summary of proposal:	The proposal would redirect funding from the National Crime Prevention Fund (NCPF) to the Safer Streets Program (SSP). This proposal will commence in 2013-14.
Party:	Coalition
Date of public release of policy:	19 August 2013
Agencies from which information was obtained:	Attorney-General's Department

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$14.2 million over the 2013-14 Budget and forward estimates. This is due to an increase in expenses of \$50 million for the SSP, offset partly by the reallocation of uncommitted funding already included in the Budget for the NCPF (\$35.8 million).

Item 9.7 of the *Fiscal Budget Impact of Federal Coalition Policies* document showed that \$20 million in 2014-15, \$20 million in 2015-16 and a small amount of funding in 2016-17 would be redirected from the NCPF to the new SSP. However, the actual profile of the funding for the NCPF is one year earlier than this with \$20.3 million in 2013-14, \$20.2 million in 2014-15 and \$300,000 in 2015-16.

The Attorney-General's Department has advised that the existing funding under the NCPF includes contractual commitments of \$2.5 million in 2013-14 and \$2.5 million in 2014-15.

The impact of redirecting funding from the NCPF is considered to be of high reliability as it is based on the 2013-14 Budget measure and recent advice from the Attorney-General's Department. The cost of the SSP is considered of high reliability as it is based on the capped amounts in the party's policy.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	17.8	-2.3	-14.7	-15.0
Fiscal balance (\$m)	17.8	-2.3	-14.7	-15.0

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

(b) Differences in totals due to rounding.

POLICY COSTING – POST ELECTION REPORT

Details of the components of this costing are provided in the table below.

Table 2: Elements of the costing assuming existing commitment under NCPF is not redirected

Element (\$m)	2013-14	2014-15	2015-16	2016-17	Total
NCPF uncommitted funding	17.8	17.7	0.3	-	35.8
SSP	-	-20.0	-15.0	-15.0	-50.0
Total	17.8	-2.3	-14.7	-15.0	-14.2



COSTING – POST ELECTION REPORT

Name of proposal costed:	Revert to pre-2010 election personal staffing ratios
Summary of proposal:	The proposal will reduce the number of parliamentarians' staff by a total of 10 positions. The proposal will take effect from 1 January 2014.
Party:	Coalition
Date of public release of policy:	5 September 2013
Additional information requested (including date):	On 20 September 2013, clarification was sought on the number of staff being reduced by this proposal.
Additional information received (including date):	On 7 October 2013, the Office of the Prime Minister advised that the proposal will reduce the number of staff by a total of 10 positions.

Costing overview

This proposal is expected to increase both the underlying cash and fiscal balances by \$6.5 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a decrease in expenses. The proposal will have an ongoing impact that extends beyond the forward estimates period at a level similar to the estimate in 2016-17.

This costing is considered to be of high reliability as it is based on a capped reduction of staff and the average cost of personal staff of parliamentarians used in previous measures.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0.9	1.8	1.9	1.9
Fiscal balance (\$m)	0.9	1.8	1.9	1.9

(a) A positive number for the fiscal balance indicates a net decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a net decrease in expenditure in cash terms.

Key assumptions

The PBO has assumed that the average annual cost per personal staff position is \$180,700 in 2013-14, which is an average of previous similar expense measures introduced in the 2010-11 Mid-Year Economic and Fiscal Outlook and 2011-12 Budget.

POLICY COSTING – POST ELECTION REPORT

Methodology

The annual savings from this proposal are calculated by multiplying the number of staff reduced by the average cost per staff position. The savings for each year across the forward estimates period is then indexed to arrive at the total savings of the proposal over the period.

Data sources

- 2010-11 Mid-Year Economic and Fiscal Outlook, p. 173
 - Government and non-Government personal employees – additional positions
- 2011-12 Budget Paper No. 2, p. 199
 - Government and non-Government Parliamentary staff – additional positions



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Further 0.25 per cent per annum efficiency dividend – reduced advertising, consultancy and travel costs and by achieving deregulation efficiencies
Summary of proposal:	<p>The proposal will increase the efficiency dividend by 0.25 per cent per annum for the majority of Commonwealth Government agencies. The proposal will target reduced advertising, consultancy and travel costs, and deregulation efficiencies.</p> <p>The proposal will have effect for three years from 1 July 2014.</p>
Party:	Coalition
Date of public release of policy:	5 September 2013
Agencies from which information was obtained:	Department of Finance and Deregulation

Costing overview

This proposal is expected to increase the underlying cash and fiscal balances by \$428.5 million over the 2013-14 Budget forward estimates period. The proposal will also have an ongoing impact that extends beyond the forward estimates period, with the impact per year being in the order of the 2016-17 estimated saving. This impact is entirely due to a decrease in departmental expenses.

The costing is considered to be of medium reliability as it is based on agency-level information on departmental funding as at the 2013-14 Budget, adjusted to account for the *Efficiency Dividend – temporary increase in the rate*, announced in the 2 August 2013 Economic Statement.

Table 1: Financial implications (outturn prices)^{(a) (b)}

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	69.3	138.8	220.3
Fiscal balance (\$m)	-	69.3	138.8	220.3

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

(b) Figures in the table may not add to totals quoted elsewhere in the costing minute due to rounding.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

Exemptions

Consistent with advice provided by the Coalition, it is assumed that the following agencies would be exempt from the increase in the efficiency dividend:

- Family Court
- Federal Court
- Federal Magistrates Court
- High Court
- Administrative Appeals Tribunal
- Social Security Appeals Tribunal
- National Native Title Tribunal
- Migration Review Tribunal – Refugee Review Tribunal
- Australian National Maritime Museum
- National Gallery of Australia
- National Museum of Australia
- Australia Council
- Australian Film, Television and Radio School
- Australian Sports Commission
- National Film and Sound Archive
- National Archives
- Old Parliament House
- Screen Australia
- Australian Institute of Aboriginal and Torres Strait Islander Studies
- Australian War Memorial
- Torres Strait Regional Authority
- Aboriginal Hostels Limited
- Indigenous Business Australia
- Indigenous Land Corporation, and
- Australian Communications and Media Authority.

In addition, the PBO has assumed the following ongoing exemptions to departmental appropriations, which apply under the current efficiency dividend policy, would be maintained under this proposal:

- 100 per cent of the Australian Broadcasting Corporation, Special Broadcasting Service Corporation and Safe Work Australia
- 100 per cent of the Coastwatch contract held by the Australian Customs and Border Protection

POLICY COSTING – POST ELECTION REPORT

- 88 per cent of the Australian Institute of Marine Science
- 85 per cent of Australian Nuclear Science and Technology Organisation
- 81 per cent of the Department of Defence
- 70 per cent of the Commonwealth Scientific Industrial Research Organisation, and
- 55 per cent of the Australia Council.

Variations

The PBO has assumed the following ongoing variations to departmental appropriations, which apply under the current efficiency dividend policy, would be maintained under this proposal:

- services for People with Disability, Community Investment and Homelessness Prevention programs run by the Department of Families, Housing, Community Services and Indigenous Affairs are subject to the efficiency dividend, and
- 1.25 per cent of the Department of Education, Employment and Workplace Relations Employment Assistance and Other Services program is subject to the efficiency dividend.

Methodology

Using the estimates of departmental appropriations prior to any efficiency dividend application, the higher rate of 2.5 per cent for the period 2014-15 to 2016-17 is applied to in-scope agencies, taking into account the cumulative impact of the efficiency dividend. The difference between these savings and those estimated under the current efficiency dividend rates (2.25 per cent for the three years to 2016-17) is equal to the savings estimated in this costing.

Data sources

Departmental appropriations as at the 2013-14 Budget provided by the Department of Finance and Deregulation.

Other information sourced from the 2013 Economic Statement.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Operation Sovereign Borders Joint Agency Taskforce
Summary of proposal:	The proposal will provide \$10.0 million for the establishment of an Operation Sovereign Borders Joint Agency Taskforce (OSBJAT). This funding will provide for the establishment of a headquarters for the OSBJAT and provide a reserve of funding for urgent requirements. This proposal will commence in 2013-14.
Party:	Coalition
Date of public release of policy:	25 July 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$10.0 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase to expenses.

This costing is considered to be of high reliability as it is based on a capped amount and profile as specified by the Coalition. No departmental expenses above those reflected in the table below have been included as the Coalition has specified that seconded officers from Commonwealth agencies will be compensated by the deployed officer's home agency.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-5.5	-1.5	-1.5	-1.5
Fiscal balance (\$m)	-5.5	-1.5	-1.5	-1.5

(a) A negative number for the fiscal balance indicates a net increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a net increase in expenditure in cash terms.

POLICY COSTING – POST ELECTION REPORT

Details regarding the allocation of funding are provided in the table below.

Table 2: Elements of the OSBJAT Policy ^(a)

Element (\$m)	2013-14	2014-15	2015-16	2016-17	Total
Headquarters establishment	-1.5	-0.1	-	-	-1.6
Reserve for urgent requirements	-4.0	-1.4	-1.5	-1.5	-8.4
Total	-5.5	-1.5	-1.5	-1.5	-10.0

(a) Impacts are the same on both a fiscal balance and underlying cash balance basis. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Regional Cooperation to Combat People Smuggling
Summary of proposal:	<p>The package will fund a suite of eight proposals in an effort to combat people smuggling through greater regional cooperation. The Coalition's Regional Deterrence Framework comprises:</p> <ol style="list-style-type: none"> i. joint operations with Indonesia, Sri Lanka and Malaysia to disrupt people smuggling, including the international deployment of Australian Federal Police personnel ii. a program managed through the International Organisation for Migration to engage and enlist local villages within Indonesia to assist information gathering iii. tighter border controls and improved identity management in the region iv. appointing a special envoy to facilitate operational cooperation within the region to implement the Framework v. enhancing air surveillance in the region vi. supporting the search and rescue response capability of Indonesia vii. subject to the agreement of Australia's regional partners, enhancing capabilities for the interception of suspected irregular entry vessels and the transfer of irregular maritime arrivals (IMAs) to offshore processing facilities via agreed transit ports in the region, and viii. increasing the offshore processing capacity on Nauru by 2,000 additional places offset by discontinuing construction of the Singleton detention centre. <p>The package will have effect from 2013-14.</p>
Policy of party:	Coalition
Date of public release of policy:	31 August 2013
Agencies from which information was obtained:	Department of Immigration and Border Protection (DIBP)

Costing overview

The package of proposals is expected to decrease both the underlying cash and fiscal balances by \$357.3 million over the 2013-14 Budget forward estimates period.

POLICY COSTING – POST ELECTION REPORT

Apart from the capped components of the package the costing is considered to be of low reliability.

- The PBO has been able to obtain broad confirmation from DIBP relating to the cost of a number of measures relating to the acquisition of sophisticated IT and other capital equipment. However, the costs of some measures could not be validated due to the detailed nature of the proposals and limited time to undertake the costing.
- There is also some uncertainty around capital and occupancy costs relating to the expansion of offshore processing capacity. These costs were based on limited historic data provided by DIBP.
- Finally, the estimates are sensitive to changes in key variables impacting costs, including the actual number of IMAs in any given month, detainee placement across the detention network, and the actual number of people settled or returned to their country of origin.

The estimated savings in this costing are greater by \$65.5 million over the 2013-14 Budget forward estimates than those estimated by the Coalition. The variance is due to a combination of:

- lower costs for enhanced air surveillance (\$11 million over four years)
- higher costs for enhanced search and rescue capability (\$20 million over four years), and
- a net save from item (viii), increasing offshore processing capacity at Nauru, where the Coalition assumed no net impact on the budget (\$73.9 million over four years).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-381.4	-153.7	61.4	116.4
Fiscal balance (\$m)	-381.4	-153.7	61.4	116.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

A breakdown of the financial impact of each proposal in the package is included at [Attachment A](#).

Key assumptions

In relation to components (i) to (vii), the PBO has made use of *The Coalitions Policy for a Regional Deterrence Framework to Combat People Smuggling*, low level policy detail from the Coalition and advice provided by DIPB to arrive at estimated costs. Some of this information has commercial and other sensitivities associated with it and for that reason has not been disclosed.

i. Improved regional intelligence and joint policing operations

The Coalition policy document specified:

- the deployment of personnel from the Australian Federal Police to countries in the region
- funding for information technology equipment and software to facilitate greater information exchange and coordination on people smuggling operations between Australia and Indonesia, and
- funding for special operations in the region.

POLICY COSTING – POST ELECTION REPORT

The greater majority of the costs included in this component were specified by the Coalition as capped funding.

ii. Engage with local communities in Indonesia

The Coalition policy document specified funding for a community engagement programme including:

- communications campaigns to raise awareness within local villages that people smuggling is a criminal activity
- a capped boat buy-back scheme
- support for wardens in local communities, and
- the option, in exceptional circumstances, for bounty payments for the provision of information resulting in significant disruption or arrests leading to convictions.

These activities are to be implemented in up to 100 villages and managed by the International Organisation for Migration (IOM). The PBO has included project management funding for the IOM.

The costing takes account of the capped funding on a per village or scheme basis for each element set out above.

iii. Tighten regional border controls and improve identity management

The Coalition policy document specified funding for:

- the acquisition and ongoing licensing of advanced Passenger Information (API) system equipment. Specified amounts provided to the PBO by the Coalition were confirmed by DIBP who confirmed that the proposed funding would be sufficient for one API system
- improved capacity for biometric matching through the acquisition and ongoing licensing of biometrics computer software. Due to a lack of specificity around the scale and sophistication of this technology, DIBP was unable to confirm cost estimates provided to the PBO by the Coalition. The PBO has been similarly unable to validate these costs but has included them as they are relatively immaterial to the overall costing, and
- provision of document matching equipment and training.

The Coalition specified that any departmental costs arising from this element would be absorbed by the relevant departments.

iv. Appoint special envoy for Operation Sovereign Borders

This element will fund the appointment of one senior officer plus associated on-costs for a two-year period of employment.

v. Enhanced air surveillance

The Coalition document specified funding for increased air surveillance effort.

Based on advice from the Coalition and DIBP, the PBO has assumed:

- costs of \$4 million in each of 2013-14 and 2014-15 and \$2 million in each of 2015-16 and 2016-17 for aircraft, and

POLICY COSTING – POST ELECTION REPORT

- an additional \$2 million in each of 2013-14 and 2014-15 and \$1 million in each of 2015-16 and 2016-17 for the cost of basing aircraft on Christmas Island, from which additional flights will originate.

vi. Enhanced Indonesian search and rescue capability

The Coalition policy document specified funding for Australia to assist Indonesia in rapid response search and rescue capability through the provision of fast transfer vessels, with appropriately trained crew and onboard security. The PBO costed this policy based on advice from the Coalition and DIBP on the associated costs.

The Coalition advised that any departmental costs arising from this proposal would be absorbed by the relevant departments.

vii. Interception and transfer of asylum seekers

The Coalition specified:

- the establishment of agreed transit ports within the region
- navy and custom vessels to be used for interception of boats
- provision for a fleet of fast transfer vessels to be commercially leased to take asylum seekers directly to transit ports following interception
- chartered aircraft to take asylum seekers directly to Manus Island or Nauru

The PBO costed this policy based on supplier-quoted costs provided by the Coalition. While DIBP was unable to confirm these costs, the PBO has completed the costing based on the quotes provided.

viii. Increasing offshore processing capacity

The Coalition specified:

- IMAs will be processed on Regional Processing Centres (RPCs) as a matter of priority, and only when RPCs are full would they be moved onshore for processing
- on average, 50 per cent of IMAs will be found to be genuine refugees and granted a Temporary Protection Visa (TPV); the remaining IMAs will be returned to their country of origin or a third country (see COA045 – *Clearing the 30,000 border backlog* for further detail)
- costs of increasing the offshore processing capacity on Nauru by 2,000 will be offset by discontinuing construction of the Singleton detention centre, and
- asylum seekers processed and given a TPV on RPCs will be transferred onshore to reside in the community with work rights until they are settled on a PV, or if circumstances change in their home country, returned home.

In addition, the PBO has assumed:

- processing time for a TPV will be three months, in line with DIBP's *Demand Driven Model for Irregular Maritime Arrivals*
- time to removal will reduce from the current 75 days to 49 days due to the proposed Fast Track Removal Process (see COA045 – *Clearing the 30,000 border backlog* for further detail)
- the per-person cost of installing tents is based on equivalent costs at Manus Island for 2013-14 (\$82,667 per person) obtained from DIBP

POLICY COSTING – POST ELECTION REPORT

- per-person occupancy costs on Nauru and Manus Island of \$0.19 million in 2013-14 indexed by the Consumer Price Index in the forward years, based on current program estimates, and
- an additional cost of 17 per cent on top of operational costs per annum for departmental costs, based on the current split of departmental to administered in the program estimates.

Methodology

For capped components of these proposals the specified amounts were used to calculate costs.

For components (i) to (vii) the PBO multiplied unit cost information by information relating to the size and scope of the individual policies.

For component (viii), *Increasing offshore processing capacity*, the capital costs associated with the proposal were calculated by multiplying the proposed additional 2,000 places by the average per-person cost of installing tents, less the savings from discontinuing construction of the Singleton detention centre (\$58.0 million in 2013-14, as reflected on pages 60 and 66 of the 2013 Economic Statement). Administered occupancy costs were calculated as projected monthly occupancy on Nauru and Manus Island multiplied by the average per person occupancy cost. On top of this was added an additional 17 per cent per annum in departmental expenses.

Net savings for Manus Island were calculated by taking the difference between occupancy numbers at the Pre-election Economic Fiscal Outlook (PEFO) and lower occupancy numbers under this proposal (noting that occupancy levels are based on the arrival rates reflected in the costing minute COA047 – *Dividend from stopping the boats*).

DIBP and Finance advised that funding for the costs of operating the Nauru RPC beyond 2013-14 in the period 2014-15 to 2016-17 have not been included in the program forward estimates.

Statements by the former Government indicate that provision for the cost of operating the processing facilities on Nauru beyond 2013-14 had been included in the contingency reserve (joint press conference by former Prime Minister, the Hon Kevin Rudd MP; President of Nauru, His Excellency Baron Waqa MP; and former Minister for Immigration, Multicultural Affairs and Citizenship, the Hon Tony Burke MP, on Saturday, 3 August 2013). As the PBO has been unable to verify the magnitude of that provision, the PBO has not included any savings from reduced costs of operating the Nauru RPC beyond 2013-14.

This costing includes the impacts directly associated with increasing offshore processing capacity on RPCs. Downstream impacts of the proposal on the detention network costs and general society costs are included in COA045 – *Clearing the 30,000 border backlog*.

Data sources

- Supplier cost information provided by the Coalition
- Department of Immigration and Border Protection
- The Economic Statement, August 2013

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: BREAKDOWN OF COSTS BY PROPOSAL

Underlying cash/fiscal balance impacts	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Improved regional intelligence and joint policing operations	-14.80	-17.40	-17.40	-17.40	-67.00
Engage with local communities in Indonesia	-6.80	-6.23	-3.38	-3.38	-19.78
Tighten regional border controls and improve identity management	-20.00	-6.50	-5.50	-5.50	-37.50
Special Operation Sovereign Borders Envoy	-0.36	-0.54	-0.23	-	-1.13
Enhanced air surveillance capability	-4.00	-6.00	-3.00	-3.00	-16.00
Enhanced Indonesian search and rescue capability	-22.87	-34.31	-17.16	-17.16	-91.49
Interception and transfer of asylum seekers	-68.94	-88.74	-26.50	-14.08	-198.25
Increasing offshore processing capacity	-243.62	6.03	134.58	176.91	73.89
GRAND TOTAL	-381.39	-153.68	61.43	116.40	-357.25

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

(b) Totals may not sum due to rounding.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Re-build ADF Gap Year programme
Summary of proposal:	The proposal will re-introduce the Australian Defence Force (ADF) Gap Year Program (the Program) at a capped intake of 250 places in 2014-15, 500 places in 2015-16, 750 places in 2016-17 and 1,000 places in 2017-18. The proposal will have effect from 1 July 2014 and is ongoing.
Party:	Coalition
Date of public release of policy:	2 September 2013
Agencies from which information was obtained:	Department of Defence

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$113.3 million over the 2013-14 Budget forward estimates period. The proposal will also decrease the underlying cash and fiscal balances by \$78.5 million in 2017-18. This impact is entirely due to an increase in expenses.

Departmental costs of \$14.2 million over four years have been included based on staffing support funds allocated to the first iteration of the Program in 2007. The ADF Gap Year Program was originally implemented in 2006-07 and ceased in 2012-13.

The costing is considered to be of medium reliability because it assumes that transfer rates into the regular and reserve forces from the first iteration of the Program will continue into the future, where actual transfer rates may differ. There is also some uncertainty around the timing of bonus payments that may impact on the profile of funding.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-18.3	-37.5	-57.5
Fiscal balance (\$m)	-	-18.3	-37.5	-57.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Attachment A provides a break up of major costs under the proposal.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has made the following assumptions in the costing of this proposal:

- the average program cost per participant is \$63,461, calculated as total costs divided by the number of participants per annum on average for the period 2008-09 to 2011-12. This was indexed by the Consumer Price Index to obtain forward year costs
- funding splits between support staffing, participants' salary and overheads, contribution to education costs and operating costs were based on funds allocated to the first iteration of the Program in 2007 (refer Table 1 of the Evaluation of the ADF Gap Year Program (2010), page 24)
- around 54 per cent of participants per annum would transfer to an ongoing form of service upon completion of the Program, based on actual transfers from the Program into permanent and reserve forces on average over the period 2008-09 to 2011-12
- the bonus payment of \$10,000 would be paid to each transferee at the end of the one-year Program, and
- the proposal to provide 1,000 places under the Program 'by 2017-18' intends that the Program would be made ongoing.

The estimates in this costing do not include recruitment savings from transfers from the Program into an ongoing form of ADF service, as identified in the costing request. Based on advice from Defence, transferees from the Program to the ADF will still have to go through the normal recruitment process such as medical examinations and tests, the costs for which Defence will continue to bear.

Methodology

Based on the above assumptions, the capped number of participants per annum was multiplied by the estimated cost per participant to estimate program running costs. These are made up of staffing support costs, participants' salary and overheads, contribution to education costs and operating costs. To the program running costs were added bonus payments to estimate total costs under the proposal, calculated as 54 per cent of the capped number of participants in any given year, multiplied by the payment of \$10,000.

Data sources

- The Department of Defence provided the following data:
 - Annual cost and average number of participants for the period 2008-09 to 2011-12
 - Information about bonus payments
 - Percentage of Program participants that transferred to an ongoing form of ADF service for the years 2009-10 to 2011-12, and
 - Average recruitment costs per ordinary ADF placement.
- Additional information on planned funding and funding sources was extracted from: Evaluation of ADF Gap Year Program (2010), prepared by Noetic Solutions Pty Ltd for the Department of Defence, accessed on 2/08/13: <http://resources.news.com.au/files/2011/05/31/1226066/086682-parnell-foi.pdf>
- Indexation factors sourced from Treasury Parameters as at the Pre-Election Fiscal Outlook.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DETAILED BREAKDOWN OF COSTS

The following table provide a detailed breakdown of the major cost items under this proposal.

Table A1: ADF Gap Year Program – costs ^{(a) (b)}

Impact on (\$ million)	2013-14	2014-15	2015-16	2016-17	2017-18
Participants' salary and overheads	-	-14.2	-29.1	-44.7	-61.1
Support staffing	-	-1.4	-2.8	-4.3	-5.8
Bonus payments	-	-1.3	-2.7	-4.0	-5.4
Operating costs	-	-0.9	-1.7	-2.7	-3.7
Contribution to education costs	-	-0.6	-1.2	-1.8	-2.5
Total	-	-18.3	-37.5	-57.5	-78.5

(a) A negative number indicates an increase in expenses.

(b) Totals may not sum due to rounding.

Attachment F

Coalition list of election commitments provided to the PBO

Coalition Election Policies in 2013

- The Coalition's policy to Enhance Online Safety for Children
- The Coalition's policy for Indigenous Affairs
- The Coalition's policy for Better Child Care and Early Learning
- The Coalition's policy for Superannuation
- The Coalition's policy for Foreign Affairs
- The Coalition's policy for Women
- The Coalition's policy for a Strong and Sustainable Forestry Industry
- The Coalition's policy for Healthy Life, Better Ageing
- The Coalition's policy for Trade
- The Coalition's policy to deliver better infrastructure planning
- The Coalition's policy for Tourism
- The Coalition's policy to create jobs by boosting productivity
- The Coalition's policy for Resources and Energy
- The Coalition's policy to deliver lower prices by scrapping the carbon tax
- The Coalition's plan for the digital economy & e-Government
- The Coalition's policy for Veterans and their families
- The Coalition's policy for Stronger Defence
- The Coalition's policy to improve mental health
- The Coalition's Plan for Aviation
- National Stronger Regions Fund
- The Coalition's policy for Agriculture
- The Coalition's policy for schools: Putting students first
- The Coalition's growth plan for the Central Coast
- The Coalition's plan to increase employment participation
- The Coalition's policy for a more competitive and sustainable fisheries sector
- The Coalition's Policy to Boost Dementia Research
- The Coalition's Policy to Index the Commonwealth Seniors Health Card
- The Coalition's Policy for Better Support for Australian Apprentices
- Upgrade to Adelaide's North-South Road Corridor
- A regional deterrence framework to combat people smuggling
- The Coalition's Policy to Improve Road Safety
- The Coalition's policy to support Australia's health system
- The Coalition's policy to boost manufacturing
- The Coalition's Policy for Disability and Carers
- The Coalition's commitment to upgrade the Great Ocean Road
- The Coalition's policy to tackle crime
- The Coalition's policy for jobs and growth in small business
- The Coalition's Policy for Paid Parental Leave
- Boosting employment for Indigenous Australians
- The Coalition's Policy to Build the Swan Valley Bypass and Perth Gateway
- The Coalition's Rigorous Policy Costings Process
- The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog
- The Coalition's Economic Growth Plan for Tasmania
- Mobile Black Spot Programme
- Building Melbourne's East West Link

- Reducing Drownings
- Helping Problem Gamblers
- Boosting Employment in Tasmania
- Lowering Company Tax
- Scrapping the Carbon Tax and Reducing the Cost of Living
- Fair indexation of military service pensions
- Better Transparency and Accountability of Registered Organisation
- Operation Sovereign Borders
- Fixing the Bruce Highway
- Fast Broadband and an Affordable NBN
- Boosting Productivity and Reducing Regulation
- Improving the Fair Work Laws
- Creating a Green Army
- Protect and Streamline Health and Medical Research Funding
- 2030 Vision for Developing Northern Australia
- Building a Strong, Prosperous Tasmania
- Respite and Hospice Care for Children in Brisbane

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
1.0	Removal of Carbon Tax Package					
	<i>Removal of Associated Expenditure</i>					
1.1	Discontinue business compensation measures	-	1,053	1,684	2,350	5,087
1.2	Discontinue energy market compensation measures	-	507	-13	-18	476
1.3	Discontinue land initiatives and unnecessary bureaucracies	56	172	127	85	439
1.4	Abolish other carbon tax measures no longer needed	123	604	493	248	1,468
	<i>Total Savings From Removal Of Associated Expenditure</i>	179	2,336	2,290	2,666	7,471
1.5	Foregone Revenue From Removal Of Carbon Tax	-	-2,245	-4,530	-6,744	-13,519
	Net Budget Impact - Carbon Tax Package (1)	179	91	-2,240	-4,079	-6,048
2.0	Removal of Mining Tax Package					
	<i>Removal of Associated Expenditure</i>					
2.1	Re-phase Superannuation Guarantee increase	-	175	590	875	1,640
2.2	Not proceed with low income super contribution	961	933	921	907	3,722
2.3	Abolish twice yearly mining tax supplementary allowance	146	325	313	323	1,106
2.4	Abolish Schoolkids Bonus	646	1,311	1,333	1,351	4,641
2.5	Discontinue instant asset write-off increase	-	850	1,065	990	2,905
2.6	Discontinue phase-down of interest withholding tax	-	80	160	165	405
2.7	Discontinue tax loss carry back	-	350	300	300	950
2.8	Discontinue accelerated depreciation for motor vehicles	-	155	155	115	425
2.9	Reduce administrative and other expenses from scrapping the MRRT package	5	26	30	30	91
2.10	Regional Infrastructure Fund (net of funds which can not be returned to Budget, some projects have been separately funded by the Coalition - refer to section 4.0)	126	920	663	776	2,485
	<i>Total Savings From Removal of Associated Expenditure</i>	1,884	5,125	5,530	5,832	18,370
2.11	Foregone Revenue From Removal of Mining Tax	-	-800	-1,100	-1,800	-3,700
	Net Budget Impact - Mining Tax Package (2)	1,884	4,325	4,430	4,032	14,670
3.0	Coalition's Paid Parental Leave Scheme Package					
3.1	Gross cost of the Coalition PPL	-	-10	-4,108	-5,684	-9,802
	<i>Less:</i>					
3.2	Existing Government scheme	-	-	1,653	2,012	3,665
3.3	Existing Commonwealth and State Public Sector schemes	-	-	557	672	1,229
3.4	Automatic adjustments to Government spending and revenue	-	-	665	946	1,611
	<i>Remaining Cost</i>	-	-10	-1,233	-2,054	-3,297
3.5	Levy of 1.5% on company taxable income above \$5 million	-	300	300	3,800	4,400
	Net Budget Impact - Coalition's Paid Parental Leave Scheme Package	0	290	-933	1,746	1,103

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
4.0	Coalition's Infrastructure Package*					
4.1	The Coalition's Plan to Reduce Traffic Congestion: East-West Link	-500	-600	-400	-	-1,500
4.2	The Coalition's Plan to Reduce Traffic Congestion: WestConnex Sydney ¹	-250	-600	-650	-	-1,500
4.3	The Coalition's Plan to Reduce Traffic Congestion: Gateway Brisbane ²	-250	-350	-400	-	-1,000
4.4	Toowoomba Range Crossing	-	-	-50	-80	-130
4.5	Pacific Highway ²	-1,023	-625	-770	-145	-2,563
4.6	North-South Road Adelaide ⁴	-20	-100	-80	-100	-300
4.7	Perth Airport Gateway ³	-136	-300	-123	-64	-622
4.8	Swan Valley Bypass ³	-	-	-40	-160	-200
4.9	Bruce Highway ^{2,3}	-521	-648	-481	-442	-2,092
4.10	Sydney F3 to M2 link ¹	-5	-150	-75	-25	-255
4.11	Midland Highway	-	-40	-40	-40	-120
4.12	Warrego Highway ³	-	-50	-50	-100	-200
4.13	Melbourne-Brisbane Railway ¹	-	-50	-50	-80	-180
4.14	Princes Highway duplication ¹	-	-98	-120	-40	-258
4.15	Ipswich Motorway - Darra Rocklea ¹	-	-20	-20	-25	-65
4.16	Tiger Brennan Drive widening ¹	-5	-20	-25	-20	-70
4.17	Great Ocean Road	-15	-	-5	-5	-25
4.18	Ravenswood interchange	-45	-	-	-	-45
4.19	Condah-Hotspur Road	-3	-	-	-	-3
4.20	Princes Highway East	-5	-	-	-	-5
4.21	Mt Barker interchange	-	-	-4	-4	-8
4.22	Outback Way	-	-11	-11	-11	-33
4.23	Kin Kora roundabout	-	-13	-	-	-13
4.24	Shoalhaven River Bridge planning	-	-5	-5	-	-10
4.25	Jane Street extension	-	-5	-5	-10	-20
4.26	Narellan Road	-	-22	-9	-9	-40
4.27	Moree Bypass stage 2	-	-5	-5	-5	-15
4.28	Dalrymple Road	-	-5	-10	-5	-20
4.29	D'Aguilar Highway	-	-5	-5	-6	-16
4.30	Local Road Projects (27 projects)	-	-26	-	-	-26
4.31	Bridges renewal programme	-	-60	-60	-60	-180
	<i>Total Coalition Infrastructure Commitments</i>	-2,777	-3,807	-3,493	-1,435	-11,512
	<i>Less:</i>					
4.32	Existing Funding Allocated from the Nation Building Program	1,685	1,571	1,571	1,306	6,134
4.33	Do not proceed with Melbourne metro rail	-	-	25	50	75
4.34	Do not proceed with Cross river rail	40	272	45	96	453
4.35	Do not proceed with Perth urban rail public transport	-	25	25	50	100
4.36	Do not proceed with Tonsley park public rail transport project	-	15	16	-	32
4.37	Do not proceed with Airport rail - planning	3	-	-	-	3
4.38	Do not proceed with Mulgrave River bridge	40	-	-	-	40
	Net Budget Impact - Coalition's Infrastructure Package	-1,010	-1,923	-1,810	67	-4,676

*Key:

Unless otherwise specified funding for these projects is greater than the Government's commitment in the forward estimates period:

- 1 Funding for this project has been accelerated.
- 2 The Coalition's funding commitment for this project is greater than the Government's beyond the forward estimates.
- 3 This project is funded without a Mining Tax.
- 4 The Coalition's plans for this project are different from the Government's current commitment.

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
5.0	Coalition's Health Policies					
	Strengthening General Practice					
5.1	Doubling practice incentive payments for General Practice teaching	-	-22	-47	-50	-119
5.2	Investing in rural and regional teaching infrastructure	-	-30	-15	-8	-53
5.3	Investing in the nursing and allied health workforce	-	-3	-5	-5	-13
5.4	Investing in medical internships	-6	-11	-11	-12	-40
5.5	Apply unallocated funds for health workforce development	-	43	52	60	155
	<i>Net Additional Funding to Strengthening General Practice</i>	-6	-22	-27	-14	-69
	Boost Frontline Healthcare and Research					
5.6	Full implementation and expansion of bowel cancer screenings	-	-	-7	-39	-46
5.7	Type 1 Juvenile Diabetes research commitment	-7	-7	-7	-7	-28
5.8	James Cook University Institute for Tropical Health	-15	-21	-3	-3	-42
5.9	The Coalition's policy for Dementia research	-	-40	-40	-40	-120
5.10	Funding from reprioritising Australian Research Council spending	16	31	29	28	103
	<i>Net Additional Funding to Boost Frontline Healthcare and Research</i>	-7	-38	-28	-61	-133
5.11	The Coalition's policy to index the Commonwealth Seniors Health Card	-1	-14	-33	-54	-102
5.12	National Centre of Excellence in Youth Mental Health	-	-4	-4	-5	-13
5.13	An easily accessible, fully integrated e-Mental Health System	-3	-2	-1	-	-5
5.14	Peter's Project (cancer care centre)	-10	-	-	-	-10
5.15	Bear Cottage (children's palliative care)	-2	-	-	-	-2
5.16	Ballina Hospital	-5	-	-	-	-5
5.17	Albury-Wodonga Cardiac Catheterisation Laboratory	-5	-	-	-	-5
	Net Budget Impact - Health Policies	-37	-80	-93	-134	-344
6.0	Coalition's Education Policies					
6.1	Discontinue development of an Australian Baccalaureate	-	-	3	3	5
6.2	Reduce additional funding for Australian Curriculum, Assessment and Reporting Authority (ACARA)	7	6	6	3	23
6.3	Redirect Better Schools - Secure Schools additional funding	-	5	5	-	10
6.4	The Coalition's Policy for Schools					
	Safe and secure schools	-	-6	-6	-6	-18
	Independent Public Schools Fund	-10	-20	-20	-20	-70
	Flexible literacy learning for remote primary schools	-4	-6	-6	-6	-22
	Online language learning for pre-school children - trial	-	-5	-5	-	-10
6.5	The Coalition's policy for Better Apprentice Support	-5	-9	-34	-38	-85
6.6	A New Colombo Plan	-8	-13	-20	-20	-60
6.7	The Coalition's Policy for Better Child Care and Early Learning	-2	-3	-3	-3	-11
	Net Budget Impact - Education Policies	-21	-50	-80	-87	-238
7.0	Other Coalition Policy Commitments					
	<i>Agriculture, Forestry and Fisheries</i>					
7.1	The Coalition's Policy for a Competitive Agriculture Sector					
	Boost funding to rural research and development corporations	-	-25	-25	-25	-75
	Better market access for small exporters	-	-4	-4	-4	-11
	Stronger biosecurity and quarantine	-8	-4	-4	-4	-20
	Assist native title respondents with costs	-1	-1	-	-	-2

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
	Improve minor use chemical registration	-	-2	-2	-2	-6
	Agriculture in education	-1	-1	-	-	-2
7.2	The Coalition's Policy for Fisheries	-3	-2	-2	-2	-9
7.3	The Coalition's Policy for a Strong and Sustainable Forestry Industry	-	-5	-5	-5	-15
Net Spending - Agriculture, Forestry and Fisheries		-13	-44	-42	-41	-140
<i>Crime and Terrorism</i>						
7.4	Supporting Australian victims of terrorism overseas	-30	-	-	-	-30
7.5	The Coalition's Policy to Tackle Crime					
	Safer Streets - Protecting Communities from Crime	-	-20	-15	-15	-50
	Restore and further boost Customs funding for cargo inspections	-13	-25	-25	-25	-88
Net Spending - Crime and Terrorism		-43	-45	-40	-40	-168
<i>Environment</i>						
7.6	The Coalition's Plan for a Cleaner Environment					
	Emissions Reduction Fund	0	-300	-500	-750	-1,550
	Green Army	-1	-47	-96	-157	-300
	Other Environment Policies	0	-71	-65	-27	-163
Net Spending - Environment		-1	-418	-660	-934	-2,013
<i>Coalition's Plan to Grow Tasmania</i>						
7.7	The Coalition's Plan to Grow Tasmania (3)	-2	-32	-31	-10	-74
Net spending - Coalition's Plan to Grow Tasmania		-2	-32	-31	-10	-74
<i>Building Stronger Communities and Regions</i>						
7.8	National Stronger Regions Fund	-	-	-200	-200	-400
7.9	Community Development Grants programme	-2	-160	-160	-20	-342
	Redirect Building Better Regional Cities programme	25	-	-	-	25
7.10	Mobile Blackspot programme	-	-25	-25	-25	-75
Net Spending - Building Stronger Communities and Regions		23	-185	-385	-245	-792
<i>Employment Policies</i>						
7.11	Restore and further boost the ABCC - additional funding on top of redirected Fair Work Building Inspectorate funding	-5	-10	-10	-10	-36
7.12	Employment Participation Plan					
	Indigenous employment (Australian Employment Covenant - funding of four trial sites)	-20	-25	-	-	-45
	Incentives to employers to employ over 50s	-	-20	-82	-86	-188
	Jobseeker relocation allowance and job commitment bonus for young people	-1	-5	-21	-48	-75
	Redirect Mature Age Participation (job seeker assistance)	3	8	-	-	10
Net Spending - Coalition's Employment Participation Plan		-18	-42	-103	-134	-297
Net Spending - Employment Policies		-23	-53	-114	-144	-333

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
<i>Border Protection Policies</i>					
The Coalition's Plan for More Secure Borders					
7.13 Operation Sovereign Borders Joint Agency Taskforce (OSBJAT)	-6	-2	-2	-2	-10
7.14 Clear 30,000 Border Backlog	2	38	..	-95	-55
7.15 Regional Co-operation to Combat People Smuggling					
Improved regional intelligence and joint policing operations	-15	-17	-17	-17	-67
Engage with local communities in Indonesia	-7	-6	-3	-3	-20
Tighten regional border controls and improve identity management	-20	-7	-6	-6	-38
Appoint special envoy for Operation Sovereign Borders	..	-1	..	-	-1
Enhanced air surveillance	-7	-10	-5	-5	-27
Enhanced search and rescue capacity	-18	-27	-13	-13	-71
Interception and transfer of asylum seekers	-69	-89	-27	-14	-198
7.16 Border security - withdraw taxpayer funded immigration assistance to illegal boat arrivals	28	35	20	17	100
7.17 Border security - dividend from stopping the boats (4)	93	274	309	413	1,088
Net Spending - Border Protection Policies	-19	189	256	274	701
<i>Coalition's Plan for the Automotive Industry</i>					
7.18 Reverse change to FBT arrangements for cars	-75	-331	-617	-772	-1,795
Net Spending - Coalition's Plan for the Automotive Industry	-75	-331	-617	-772	-1,795
<i>Coalition's Plan for Manufacturing</i>					
7.19 The Coalition's Plan to Boost Australian Manufacturing					
Export Market Development Grants	-13	-13	-13	-13	-50
Manufacturing Transition Grants Programme	-	-25	-25	-	-50
Net Spending - Coalition's Plan for Manufacturing	-13	-38	-38	-13	-100
<i>Transport Policies</i>					
7.20 Improve road safety - support for Keys2Drive	-1	-3	-3	-3	-10
7.21 The Coalition's Plan for Aviation					
En route rebate scheme	-1	-1	-1	-1	-4
Inquiry into best practice aviation	-1	-	-	-	-1
Expansion of CASA Board	-	..	..	..	0
Net Spending - Transport Policies	-3	-4	-4	-4	-15
<i>Resources and Energy</i>					
7.22 Exploration development incentive	-	-25	-35	-40	-100
Net Spending - Resources and Energy	0	-25	-35	-40	-100
<i>Supporting Business</i>					
7.23 Company Tax rate cut to 28.5 per cent	-	-400	-300	-4,200	-4,900
7.24 Other Small Business Measures	-1	-3	-3	-3	-11
Net Spending - Supporting Business	-1	-403	-303	-4,203	-4,911

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
<i>Defence and Veterans' Affairs</i>						
7.25	The Coalition's policy for fair indexation of Military Super (5)	-	-249	-261	-270	-780
7.26	Re-build ADF Gap Year programme	-	-18	-38	-58	-113
7.27	Restore Veterans' advocacy funding	-1	-1	-1	-1	-4
7.28	Centenary of ANZAC funding	-4	-	-	-	-4
Net Budget Impact - Defence and Veterans' Affairs		-5	-268	-299	-329	-901
<i>Further Coalition Policy Priorities</i>						
7.29	Coalition Plan to Reduce Drownings	-1	-3	-3	-3	-10
7.30	The Coalition's Policy for Disability and Carers	-	-1	-1	-1	-3
7.31	Marriage vouchers trial	-	-17	-3	-	-20
7.32	Prime Minister's Indigenous Council	..	..	..	..	-1
7.33	National Commission of Audit	-1	-	-	-	-1
7.34	ACCC Funding to ensure scrapping the Carbon Tax means lower prices	-3	-6	-1	-	-10
7.35	The Coalition's Policy to Enhance Online Safety for Children	..	-3	-3	-3	-10
7.36	The Coalition's Policy for Women	..	..	..	..	-1
7.37	Coalition's Policy for Tourism	-	-1	-1	-1	-3
Net Spending - Further Coalition Policy Priorities		-6	-31	-12	-8	-59
Net Budget Impact - Other Coalition Policy Commitments		-179	-1,687	-2,324	-6,509	-10,700
8.0	Other Announced Coalition Savings					
8.1	Reduce Public Service headcount by 12,000 through natural attrition	303	1,198	1,790	1,920	5,212
8.2	Restore humanitarian immigration intake to 13,750 p.a.	141	267	372	489	1,269
8.3	Redirect Carbon Capture and Storage Flagships program	45	67	150	87	349
8.4	Reduce Automotive Transformation Scheme	48	182	182	88	500
Net Budget Impact - Other Announced Coalition Savings		538	1,715	2,494	2,583	7,330
9.0	Further Coalition Savings					
9.1	Discontinue Carbon Farming Initiative - advertising campaign	1	-	-	-	1
9.2	Reduce payments for grants to Australian Organisations	..	..	..	..	1
9.3	Reprioritise Indigenous Policy Reform program	5	13	12	12	42
9.4	ITSA (reduced administration of minor insolvencies)	3	7	7	8	25
9.5	Streamline Family Court processes	2	6	9	13	30
9.6	Redirect Portrayal of Senior Australians in the media	..	1	..	-	1
9.7	Redirect National Crime Prevention Fund to the Coalition's Safer Streets Program	-	20	20	..	41
9.8	Reduce former Department of Climate Change	7	13	13	13	45
9.9	Discontinue direct Commonwealth funding to ICT centre of excellence	-	21	21	-	42
9.10	Discontinue ACT Pokies trial	20	22	-	-	42
9.11	Foreign Aid - grow in line with inflation	656	873	1,230	1,741	4,500
9.12	Discontinue establishment of Senegal diplomatic post	2	5	3	3	14
9.13	Revert to pre-2010 election personal staffing ratios	1	2	2	2	7
9.14	Further 0.25 per cent p.a. efficiency dividend - reduce advertising,	0	69	139	220	428
9.15	Discontinue Manufacturing Technology Innovation Centre	2	5	5	5	16
9.16	Discontinue Community Cabinets	3	4	4	4	13
9.17	Water Buybacks - re-phase four years' spending over six years	25	174	210	240	650

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
9.18 Reduce National Low Emissions Coal Initiative	10	13	19	-	42
9.19 Suspend National CO2 Infrastructure Plan	8	6	-	-	13
9.20 Discontinue RET Counsellor to India	..	1	1	1	3
9.21 Geothermal and Tidal - allocate \$40m of existing ARENA funding	-	10	15	15	40
9.22 Connecting renewables - connecting to the grid - suspend until committed demand is identified	25	50	55	55	185
9.23 Not proceed with further increase in instant asset write-off to \$10,000	-	150	150	-100	200
Net Budget Impact - Further Coalition Savings	769	1,464	1,915	2,231	6,382

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
10.0	Public Debt Interest (6)	62	273	444	535	1,313
11.0	Coalition Budget Impact					
	Total Coalition Savings (Including Public Debt Interest)	3,431	11,202	11,741	15,593	41,969
	Total Coalition Policy Commitments	-1,247	-6,785	-9,937	-15,207	-33,178
	Net Impact of Coalition Measures on Budget (Fiscal Basis)	2,183	4,417	1,804	386	8,791
	Net Impact of Coalition Measures on Budget (Cash Basis) (7)	1,141	2,429	1,943	576	6,090
	<u>Note:</u> Carbon Tax abolition - growth dividend (not included above) (8)	-	100	400	600	1,100
12.0	Coalition Debt Reduction					
	Other Savings Affecting Debt not included above (9)	3,548	3,781	1,646	992	9,967
	Debt reduction as a result of Coalition Policies	4,689	6,210	3,589	1,568	16,057

Note:

Totals may not add due to rounding.

.. Not zero, but rounded to zero.

- Nil.

References:

(1) There is a -\$2.5 billion difference between cash and fiscal estimates over the forward estimates period.

(2) There is a -\$0.9 billion difference between cash and fiscal estimates over the forward estimates period.

(3) Excludes the Midland Highway commitment identified elsewhere at item 4.11.

(4) Represents a conservative estimate of the savings to be achieved by the Coalition's comprehensive suite of Border Protection policies, as modelled on the basis of the scenario analysis as set out in the Pre-Election Economic and Fiscal Outlook. These savings correspond to reducing illegal maritime arrivals to the long term average rate of 370 per month by the end of 2014 and then gradually continuing to decrease them to 50 per month by 2016-17. The Coalition expects to do better than this. Under the previous Coalition Government there were only a total of 272 illegal arrivals in its last 6 years.

(5) There is a +\$0.7 billion difference between cash and fiscal estimates over the forward estimates period.

(6) Public Debt Interest is calculated from the net Budget impact of the Coalition's policy package plus further interest savings from reduced equity injections to the CEFC and NBN Co.

(7) For major differences between cash and fiscal see (1), (2) and (5).

(8) As calculated by the Parliamentary Budget Office, based on Treasury modelling of the macroeconomic impact of the Carbon Tax.

(9) Reduced equity injections to the CEFC and NBN Co.

Attachment G

PBO list of election commitments provided to the Coalition



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

The Hon Tony Abbott MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

Thank you for providing a list of the Coalition's election commitments to the Parliamentary Budget Office (PBO) on 6 September 2013. This list was posted on the PBO website on the day after polling day.

In accordance with Section 64MA of the *Parliamentary Service Act 1999* (the Act), I am providing you with a list of the Coalition's publicly announced policies that, in my best professional judgement, would have a material impact on the Commonwealth budget. I propose to include this list of Coalition election commitments in the post-election report on election commitments.

The attached list has been prepared having regard to the information provided by the Coalition and public announcements made by the Coalition before and during the caretaker period for the 2013 general election. I have not identified any election commitments additional to the list of commitments already provided by the Coalition. Hence the attached list is identical to the list provided to me by the Coalition on 6 September 2013.

Consistent with subsection 64MA(8) of the Act, I would appreciate receiving any comments that you may have on the attached list within three days of receipt of this correspondence.

Under Section 64MAA of the Act the post-election report must include any comments that you provide to me. If you do not provide me with any comments, the post-election report must include a statement to this effect.

Yours sincerely

Phil Bowen
20 September 2013

Parliamentary Budget Officer's list of the Coalition's election commitments

Coalition Election Policies in 2013

- The Coalition's policy to Enhance Online Safety for Children
- The Coalition's policy for Indigenous Affairs
- The Coalition's policy for Better Child Care and Early Learning
- The Coalition's policy for Superannuation
- The Coalition's policy for Foreign Affairs
- The Coalition's policy for Women
- The Coalition's policy for a Strong and Sustainable Forestry Industry
- The Coalition's policy for Healthy Life, Better Ageing
- The Coalition's policy for Trade
- The Coalition's policy to deliver better infrastructure planning
- The Coalition's policy for Tourism
- The Coalition's policy to create jobs by boosting productivity
- The Coalition's policy for Resources and Energy
- The Coalition's policy to deliver lower prices by scrapping the carbon tax
- The Coalition's plan for the digital economy & e-Government
- The Coalition's policy for Veterans and their families
- The Coalition's policy for Stronger Defence
- The Coalition's policy to improve mental health
- The Coalition's Plan for Aviation
- National Stronger Regions Fund
- The Coalition's policy for Agriculture
- The Coalition's policy for schools: Putting students first
- The Coalition's growth plan for the Central Coast
- The Coalition's plan to increase employment participation
- The Coalition's policy for a more competitive and sustainable fisheries sector
- The Coalition's Policy to Boost Dementia Research
- The Coalition's Policy to Index the Commonwealth Seniors Health Card
- The Coalition's Policy for Better Support for Australian Apprentices
- Upgrade to Adelaide's North-South Road Corridor
- A regional deterrence framework to combat people smuggling
- The Coalition's Policy to Improve Road Safety
- The Coalition's policy to support Australia's health system
- The Coalition's policy to boost manufacturing
- The Coalition's Policy for Disability and Carers
- The Coalition's commitment to upgrade the Great Ocean Road
- The Coalition's policy to tackle crime
- The Coalition's policy for jobs and growth in small business
- The Coalition's Policy for Paid Parental Leave
- Boosting employment for Indigenous Australians
- The Coalition's Policy to Build the Swan Valley Bypass and Perth Gateway
- The Coalition's Rigorous Policy Costings Process
- The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog
- The Coalition's Economic Growth Plan for Tasmania
- Mobile Black Spot Programme
- Building Melbourne's East West Link

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- Reducing Drownings
- Helping Problem Gamblers
- Boosting Employment in Tasmania
- Lowering Company Tax
- Scrapping the Carbon Tax and Reducing the Cost of Living
- Fair indexation of military service pensions
- Better Transparency and Accountability of Registered Organisation
- Operation Sovereign Borders
- Fixing the Bruce Highway
- Fast Broadband and an Affordable NBN
- Boosting Productivity and Reducing Regulation
- Improving the Fair Work Laws
- Creating a Green Army
- Protect and Streamline Health and Medical Research Funding
- 2030 Vision for Developing Northern Australia
- Building a Strong, Prosperous Tasmania
- Respite and Hospice Care for Children in Brisbane

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FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
1.0	Removal of Carbon Tax Package					
	<i>Removal of Associated Expenditure</i>					
1.1	Discontinue business compensation measures	-	1,053	1,684	2,350	5,087
1.2	Discontinue energy market compensation measures	-	507	-13	-18	476
1.3	Discontinue land initiatives and unnecessary bureaucracies	56	172	127	85	439
1.4	Abolish other carbon tax measures no longer needed	123	604	493	248	1,468
	<i>Total Savings From Removal Of Associated Expenditure</i>	179	2,336	2,290	2,666	7,471
1.5	Foregone Revenue From Removal Of Carbon Tax	-	-2,245	-4,530	-6,744	-13,519
	Net Budget Impact - Carbon Tax Package (1)	179	91	-2,240	-4,079	-6,048
2.0	Removal of Mining Tax Package					
	<i>Removal of Associated Expenditure</i>					
2.1	Re-phase Superannuation Guarantee increase	-	175	590	875	1,640
2.2	Not proceed with low income super contribution	961	933	921	907	3,722
2.3	Abolish twice yearly mining tax supplementary allowance	146	325	313	323	1,106
2.4	Abolish Schoolkids Bonus	646	1,311	1,333	1,351	4,641
2.5	Discontinue instant asset write-off increase	-	850	1,065	990	2,905
2.6	Discontinue phase-down of interest withholding tax	-	80	160	165	405
2.7	Discontinue tax loss carry back	-	350	300	300	950
2.8	Discontinue accelerated depreciation for motor vehicles	-	155	155	115	425
2.9	Reduce administrative and other expenses from scrapping the MRRT package	5	26	30	30	91
2.10	Regional Infrastructure Fund (net of funds which can not be returned to Budget, some projects have been separately funded by the Coalition - refer to section 4.0)	126	920	663	776	2,485
	<i>Total Savings From Removal of Associated Expenditure</i>	1,884	5,125	5,530	5,832	18,370
2.11	Foregone Revenue From Removal of Mining Tax	-	-800	-1,100	-1,800	-3,700
	Net Budget Impact - Mining Tax Package (2)	1,884	4,325	4,430	4,032	14,670
3.0	Coalition's Paid Parental Leave Scheme Package					
3.1	Gross cost of the Coalition PPL	-	-10	-4,108	-5,684	-9,802
	<i>Less:</i>					
3.2	Existing Government scheme	-	-	1,653	2,012	3,665
3.3	Existing Commonwealth and State Public Sector schemes	-	-	557	672	1,229
3.4	Automatic adjustments to Government spending and revenue	-	-	665	946	1,611
	Remaining Cost	-	-10	-1,233	-2,054	-3,297
3.5	Levy of 1.5% on company taxable income above \$5 million	-	300	300	3,800	4,400
	Net Budget Impact - Coalition's Paid Parental Leave Scheme Package	0	290	-933	1,746	1,103

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FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
4.0	Coalition's Infrastructure Package*					
4.1	The Coalition's Plan to Reduce Traffic Congestion: East-West Link	-500	-600	-400	-	-1,500
4.2	The Coalition's Plan to Reduce Traffic Congestion: WestConnex Sydney ¹	-250	-600	-650	-	-1,500
4.3	The Coalition's Plan to Reduce Traffic Congestion: Gateway Brisbane ²	-250	-350	-400	-	-1,000
4.4	Toowoomba Range Crossing	-	-	-50	-80	-130
4.5	Pacific Highway ³	-1,023	-625	-770	-145	-2,563
4.6	North-South Road Adelaide ⁴	-20	-100	-80	-100	-300
4.7	Perth Airport Gateway ³	-136	-300	-123	-64	-622
4.8	Swan Valley Bypass ³	-	-	-40	-160	-200
4.9	Bruce Highway ^{3,4}	-521	-648	-481	-442	-2,092
4.10	Sydney F3 to M2 link ¹	-5	-150	-75	-25	-255
4.11	Midland Highway	-	-40	-40	-40	-120
4.12	Warrego Highway ³	-	-50	-50	-100	-200
4.13	Melbourne-Brisbane Railway ¹	-	-50	-50	-80	-180
4.14	Princes Highway duplication ¹	-	-98	-120	-40	-258
4.15	Ipswich Motorway - Darra Rocklea ¹	-	-20	-20	-25	-65
4.16	Tiger Brennan Drive widening ¹	-5	-20	-25	-20	-70
4.17	Great Ocean Road	-15	-	-5	-5	-25
4.18	Ravenswood interchange	-45	-	-	-	-45
4.19	Condah-Hobspur Road	-3	-	-	-	-3
4.20	Princes Highway East	-5	-	-	-	-5
4.21	Mt Barker interchange	-	-	-4	-4	-8
4.22	Outback Way	-	-11	-11	-11	-33
4.23	Kin Kora roundabout	-	-13	-	-	-13
4.24	Shoalhaven River Bridge planning	-	-5	-5	-	-10
4.25	Jane Street extension	-	-5	-5	-10	-20
4.26	Narellan Road	-	-22	-9	-9	-40
4.27	Moree Bypass stage 2	-	-5	-5	-5	-15
4.28	Dalrymple Road	-	-5	-10	-5	-20
4.29	D'Aguiar Highway	-	-5	-5	-6	-16
4.30	Local Road Projects (27 projects)	-	-26	-	-	-26
4.31	Bridges renewal programme	-	-60	-60	-60	-180
<i>Total Coalition Infrastructure Commitments</i>		-2,777	-3,807	-3,493	-1,436	-11,512
<i>Less:</i>						
4.32	Existing Funding Allocated from the Nation Building Program	1,665	1,571	1,571	1,306	6,134
4.33	Do not proceed with Melbourne metro rail	-	-	25	50	75
4.34	Do not proceed with Cross river rail	40	272	45	96	453
4.35	Do not proceed with Perth urban rail public transport	-	25	25	50	100
4.36	Do not proceed with Tonsley park public rail transport project	-	15	16	-	31
4.37	Do not proceed with Airport rail - planning	3	-	-	-	3
4.38	Do not proceed with Mulgrave River bridge	40	-	-	-	40
Net Budget Impact - Coalition's Infrastructure Package		-1,010	-1,923	-1,810	67	-4,676

*Key:

Unless otherwise specified funding for these projects is greater than the Government's commitment in the forward estimates period:

- 1 Funding for this project has been accelerated.
- 2 The Coalition's funding commitment for this project is greater than the Government's beyond the forward estimates.
- 3 This project is funded without a Mining Tax.
- 4 The Coalition's plans for this project are different from the Government's current commitment.

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FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Improve minor use chemical registration	-	-2	-2	-2	-6
Agriculture in education	-1	-1	-	-	-2
7.2 The Coalition's Policy for Fisheries	-3	-2	-2	-2	-9
7.3 The Coalition's Policy for a Strong and Sustainable Forestry Industry	-	-5	-5	-5	-15
Net Spending - Agriculture, Forestry and Fisheries	-13	-44	-42	-41	-140
<i>Crime and Terrorism</i>					
7.4 Supporting Australian victims of terrorism overseas	-30	-	-	-	-30
7.5 The Coalition's Policy to Tackle Crime					
Safer Streets - Protecting Communities from Crime	-	-20	-15	-15	-50
Restore and further boost Customs funding for cargo inspections	-13	-25	-25	-25	-58
Net Spending - Crime and Terrorism	-43	-45	-40	-40	-168
<i>Environment</i>					
7.6 The Coalition's Plan for a Cleaner Environment					
Emissions Reduction Fund	0	-300	-500	-750	-1,550
Green Army	-1	-47	-96	-157	-300
Other Environment Policies	0	-71	-65	-27	-163
Net Spending - Environment	-1	-418	-660	-934	-2,013
<i>Coalition's Plan to Grow Tasmania</i>					
7.7 The Coalition's Plan to Grow Tasmania (3)	-2	-32	-31	-10	-74
Net spending - Coalition's Plan to Grow Tasmania	-2	-32	-31	-10	-74
<i>Building Stronger Communities and Regions</i>					
7.8 National Stronger Regions Fund	-	-	-200	-200	-400
7.9 Community Development Grants programme	-2	-160	-160	-20	-342
Redirect Building Better Regional Cities programme	25	-	-	-	25
7.10 Mobile Blackspot programme	-	-25	-25	-25	-75
Net Spending - Building Stronger Communities and Regions	23	-185	-385	-245	-792
<i>Employment Policies</i>					
7.11 Restore and further boost the ABCC - additional funding on top of redirected Fair Work Building Inspectorate funding	-5	-10	-10	-10	-35
7.12 Employment Participation Plan					
Indigenous employment (Australian Employment Covenant - funding of four trial sites)	-20	-25	-	-	-45
Incentives to employers to employ over 50s	-	-20	-82	-86	-188
Jobseeker relocation allowance and job commitment bonus for young people	-1	-5	-21	-48	-75
Redirect Mature Age Participation (job seeker assistance)	3	8	-	-	10
Net Spending - Coalition's Employment Participation Plan	-18	-42	-103	-134	-297
Net Spending - Employment Policies	-23	-53	-114	-144	-333

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FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
<i>Border Protection Policies</i>					
The Coalition's Plan for More Secure Borders					
7.13 Operation Sovereign Borders Joint Agency Taskforce (OSBIAT)	-6	-2	-2	-2	-10
7.14 Clear 30,000 Border Backlog	2	38	..	-95	-55
7.15 Regional Co-operation to Combat People Smuggling					
Improved regional intelligence and joint policing operations	-15	-17	-17	-17	-67
Engage with local communities in Indonesia	-7	-6	-3	-3	-20
Tighten regional border controls and improve identity management	-20	-7	-6	-6	-38
Appoint special envoy for Operation Sovereign Borders	..	-1	..	..	-1
Enhanced air surveillance	-7	-10	-5	-5	-27
Enhanced search and rescue capacity	-18	-27	-13	-13	-71
Interception and transfer of asylum seekers	-69	-89	-27	-14	-198
7.16 Border security - withdraw taxpayer funded immigration assistance to illegal boat arrivals	28	35	20	17	100
7.17 Border security - dividend from stopping the boats (4)	93	274	309	413	1,088
Net Spending - Border Protection Policies	-19	189	246	274	701
<i>Coalition's Plan for the Automotive Industry</i>					
7.18 Reverse change to FBT arrangements for cars	-75	-331	-617	-772	-1,795
Net Spending - Coalition's Plan for the Automotive Industry	-75	-331	-617	-772	-1,795
<i>Coalition's Plan for Manufacturing</i>					
7.19 The Coalition's Plan to Boost Australian Manufacturing					
Export Market Development Grants	-13	-13	-13	-13	-50
Manufacturing Transition Grants Programme	..	-25	-25	..	-50
Net Spending - Coalition's Plan for Manufacturing	-13	-38	-38	-13	-100
<i>Transport Policies</i>					
7.20 Improve road safety - support for Keys2Drive	-1	-3	-3	-3	-10
7.21 The Coalition's Plan for Aviation					
En route rebate scheme	-1	-1	-1	-1	-4
Inquiry into best practice aviation	-1	..	..	..	-1
Expansion of CASA Board	..	..	..	..	0
Net Spending - Transport Policies	-3	-4	-4	-4	-15
<i>Resources and Energy</i>					
7.22 Exploration development incentive	..	-25	-35	-40	-100
Net Spending - Resources and Energy	0	-25	-35	-40	-100
<i>Supporting Business</i>					
7.23 Company Tax rate cut to 28.5 per cent	..	-400	-300	-4,200	-4,900
7.24 Other Small Business Measures	-1	-3	-3	-3	-11
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		\$m	\$m	\$m	\$m	\$m
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7.25	The Coalition's policy for fair indexation of Military Super (5)	-	-249	-261	-270	-780
7.26	Re-build ADF Gap Year programme	-	-18	-35	-58	-113
7.27	Restore Veterans' advocacy funding	-1	-1	-1	-1	-4
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<i>Further Coalition Policy Priorities</i>						
7.29	Coalition Plan to Reduce Drownings	-1	-3	-3	-3	-10
7.30	The Coalition's Policy for Disability and Carers	-	-1	-1	-1	-3
7.31	Marriage vouchers trial	-	-17	-3	-	-20
7.32	Prime Minister's Indigenous Council	-1
7.33	National Commission of Audit	-1	-	-	-	-1
7.34	ACCC Funding to ensure scrapping the Carbon Tax means lower prices	-3	-6	-1	-	-10
7.35	The Coalition's Policy to Enhance Online Safety for Children	...	-3	-3	-3	-10
7.36	The Coalition's Policy for Women	-1
7.37	Coalition's Policy for Tourism	-	-1	-1	-1	-3
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Net Budget Impact - Other Announced Coalition Savings		538	1,716	2,494	2,683	7,330
9.0	Further Coalition Savings					
9.1	Discontinue Carbon Farming Initiative - advertising campaign	1	-	-	-	1
9.2	Reduce payments for grants to Australian Organisations	1
9.3	Reprioritise Indigenous Policy Reform program	5	13	12	12	42
9.4	ITSA (reduced administration of minor insolvencies)	3	7	7	8	25
9.5	Streamline Family Court processes	2	6	9	13	30
9.6	Redirect Portrayal of Senior Australians in the media	...	1	1
9.7	Redirect National Crime Prevention Fund to the Coalition's Safer Streets Program	-	20	20	...	41
9.8	Reduce former Department of Climate Change	7	13	13	13	46
9.9	Discontinue direct Commonwealth funding to ICT centre of excellence	-	21	21	-	42
9.10	Discontinue ACT Pokies trial	20	22	-	-	42
9.11	Foreign Aid - grow in line with inflation	656	873	1,230	1,741	4,500
9.12	Discontinue establishment of Senegal diplomatic post	2	5	3	3	14
9.13	Revert to pre-2010 election personal staffing ratios	1	2	2	2	7
9.14	Further 0.25 per cent p.a. efficiency dividend - reduce advertising	0	69	139	220	428
9.15	Discontinue Manufacturing Technology Innovation Centre	2	5	5	5	16
9.16	Discontinue Community Cabinets	3	4	4	4	13
9.17	Water Buybacks - re-phase four years' spending over six years	25	174	210	240	669

ATTACHMENT

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
9.18 Reduce National Low Emissions Coal Initiative	10	13	19	-	42
9.19 Suspend National CO2 Infrastructure Plan	\$	6	-	-	13
9.20 Discontinue RET Counsellor to India	-	1	1	1	3
9.21 Geothermal and Tidal - allocate \$40m of existing ARENA funding	-	10	15	15	40
9.22 Connecting renewables - connecting to the grid - suspend until committed demand is identified	25	50	55	55	185
9.23 Not proceed with further increase in instant asset write-off to \$10,000	-	150	150	-100	200
Net Budget Impact - Further Coalition Savings	769	1,464	1,915	2,231	6,382

ATTACHMENT

FISCAL BUDGET IMPACT OF FEDERAL COALITION POLICIES		2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m
10.0	Public Debt Interest (6)	62	273	444	535	1,313
11.0	Coalition Budget Impact					
	Total Coalition Savings (Including Public Debt Interest)	3,431	11,202	11,741	15,593	41,969
	Total Coalition Policy Commitments:	-1,247	-6,785	-9,937	-15,207	-33,178
	Net Impact of Coalition Measures on Budget (Fiscal Basis)	2,183	4,417	1,804	386	8,791
	Net Impact of Coalition Measures on Budget (Cash Basis) (7)	1,141	2,429	1,943	576	6,090
	<u>Notes:</u>					
	Carbon Tax abolition - growth dividend (not included above) (8)	-	100	400	600	1,100
12.0	Coalition Debt Reduction					
	Other Savings Affecting Debt not included above (9)	3,548	3,781	1,646	992	9,967
	Debt reduction as a result of Coalition Policies	4,689	6,210	3,589	1,568	16,057

Notes:

Totals may not add due to rounding.

.. Not zero, but rounded to zero.

- Nil.

References:

- (1) There is a -\$2.5 billion difference between cash and fiscal estimates over the forward estimates period.
- (2) There is a -\$0.9 billion difference between cash and fiscal estimates over the forward estimates period.
- (3) Excludes the Midland Highway commitment identified elsewhere at item 4.11.
- (4) Represents a conservative estimate of the savings to be achieved by the Coalition's comprehensive suite of Border Protection policies, as modelled on the basis of the scenario analysis as set out in the Pre-Election Economic and Fiscal Outlook. These savings correspond to reducing illegal maritime arrivals to the long term average rate of 370 per month by the end of 2014 and then gradually continuing to decrease them to 50 per month by 2016-17. The Coalition expects to do better than this. Under the previous Coalition Government there were only a total of 272 illegal arrivals in its last 6 years.
- (5) There is a -\$0.7 billion difference between cash and fiscal estimates over the forward estimates period.
- (6) Public Debt Interest is calculated from the net Budget impact of the Coalition's policy package plus further interest savings from reduced equity injections to the CEFC and NBN Co.
- (7) For major differences between cash and fiscal see (1), (2) and (5).
- (8) As calculated by the Parliamentary Budget Office, based on Treasury modelling of the macroeconomic impact of the Carbon Tax.
- (9) Reduced equity injections to the CEFC and NBN Co.

Attachment H

Costing documentation for Australian Greens' election commitments

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Reference No. GRN002:	Abolishing Fossil Fuel subsidies _____	252
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Reference No. GRN012:	Medicare Funding Boost _____	275
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Reference No. GRN034:	Junk food advertising / Safer advertising to children _____	297
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Reference No. GRN079:	Young and Emerging Artists / State of the Arts _____	355
Reference No. GRN080:	Protect National Parks / No new coal or coal seam gas (CSG) / Environment, including no new coal and Caring for our Country (CFOC) cuts _____	358
Reference No. GRN086:	Disability Support _____	362
Reference No. GRN087:	Increasing Newstart and caring for single parents _____	365
Reference No. GRN088:	Rewarding artists _____	370
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Reference No. GRN091:	Reform Capital Gains Tax through a 10% reduction in concession _____	379
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Reference No. GRN098:	Fuel efficient cars _____	391
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COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Fix the mining tax (previously <i>Improved mining tax</i>)
Summary of proposal:	<p>The proposal would expand the Minerals Resources Rent Tax (MRRT) to include:</p> <ul style="list-style-type: none"> (i) a 40 per cent tax rate (including abolition of the 25 per cent extraction allowance, so that the effective tax rate is 40 per cent) (ii) royalties credited at rates in place at 1 July 2011 (iii) all minerals in the MRRT (iv) reducing the uplift rate to be the bond rate plus 2 percentage points, and (v) restricting the starting base for existing projects to the depreciated book value of what companies have actually spent on mining infrastructure. <p>The intention of the proposal is for the MRRT to be more like that proposed by the Henry Tax Review and the first Rudd Government's proposed resource super profits tax (RSPT) and to increase the amount of tax paid by mining companies.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	19 August 2013
Date of public release of policy:	14 July 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is estimated to increase both the underlying cash and fiscal balances by around \$20.8 billion over the period from 2013-14 to 2016-17. This impact is entirely due to increased revenue.

POLICY COSTING – ELECTION CARETAKER PERIOD

Table 1: Financial implications for improved mining tax (outturn prices)^(a)

Impact on:	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	5,000	7,000	8,800
Fiscal balance (\$m)	-	5,000	7,000	8,800

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms.

A detailed breakdown of the elements of this costing is included at [Attachment A](#).

The proposal would have an ongoing impact that extends beyond the forward estimates period.

Departmental expenses are not expected to be significant and have not been included in this costing.

This costing is considered to be of very low reliability.

- There is no direct tax information on which to base the estimates, which rely heavily on assumptions and there is no reliable information on likely taxpayer responses to the policy. The model relies on Australian Bureau of Statistics (ABS) data for much of the analysis.
- The model uses a ‘tops down’ approach which treats each commodity as a single entity, so variations in company circumstances are not taken into account.
- The estimates are extremely sensitive to factors such as changes in commodity prices and the exchange rate. These can result in very large variations in the expected revenue relative to the change in the Australian dollar value of commodities.

Key assumptions

Assumptions detailed in the costing request:

- This proposal would have effect from 1 July 2014.

The PBO has made the following assumptions regarding this advice.

General assumptions

- Over the projection period in the model, production costs are assumed to be proportional to the level of mining output, with the ‘price’ of non-labour production costs further increasing in line with the implicit price deflator of Gross Domestic Product (GDP) and unit labour costs further increasing in line with total average weekly earnings.
- Estimates have been rounded to the nearest \$100 million.

Impact on company tax

- As the MRRT paid by a company is deductible for company tax purposes, changes to MRRT liabilities will change company tax collections. The magnitude of the change in company tax is 30 per cent of the change in the MRRT.

Timing assumptions

- The PBO has assumed that the MRRT is collected via a quarterly instalment system.

POLICY COSTING – ELECTION CARETAKER PERIOD

Methodology

The costing uses a ‘tops down’ commodity model, covering iron ore, metallurgical coal, thermal coal, gold, copper, nickel, alumina, refined copper and refined nickel. Each mineral is modelled as if it were a single entity under the MRRT, effectively assuming full transferability of unused project expenses within that commodity sector.

Crude oil and Liquefied Natural Gas (LNG) are assumed to remain subject to the Petroleum Resources Rent Tax (PRRT) and have not been included in the MRRT modelling.

The focus of the model is on export sales and volumes. The model excludes coal used in domestic electricity generation on the basis that the majority of such coal is sourced as part of vertically integrated production processes which overall do not generate the ‘super profits’ that are subject to the MRRT. For similar reasons, brown coal is not covered by the model.

The model starts from commodity prices and volumes to estimate the Australian dollar value of sales income for each commodity at the port. Following that:

- Operating costs are deducted (however, certain costs such as depreciation and interest expenses are not deductible).
 - Operating costs include an allowance for the profits on downstream capital in order to ‘net back’ the returns on capital to the run of mine (ROM) stockpile, which is the taxing point for the MRRT.
- Capital expenditure is immediately expensed (that is fully deductible in the year the capital concerned is installed ready for use).
- Royalties are grossed up by dividing by the MRRT effective tax rate and the grossed up amount is treated as a deductible expense.
- Starting base allowances are deducted by either:
 - a deduction equal to the assumed market value of starting assets, written off over the effective life of the relevant assets (assumed average of 17 years), or
 - a deduction equal to the book value of assets, written off over five years, with 36 per cent deducted in year one, 24 per cent in year two, 15 per cent in year three, 15 per cent in year four, and 10 per cent in year five with unused deductions uplifted at the 10 year bond rate.

This depends on which provides the more favourable outcome to miners given that they can elect which method to apply. Base MRRT revenue is calculated assuming that miners will elect to deduct the market value of starting assets as this is more favourable.

- MRRT assessable income is calculated by deducting operating costs, capital expenditure, royalty deductions and starting base allowances from sales revenue.
- Where there is an MRRT loss, the loss is only attributed to starting base allowances, after deducting ‘other’ expenses. Losses attributable to ‘other’ expenses are uplifted at the 10 year bond rate plus an uplift factor. Note that no MRRT losses are expected under the current model parameters.
- Where there is positive MRRT assessable income, MRRT is assessed at the MRRT tax rate, discounted by the extraction allowance.

POLICY COSTING – ELECTION CARETAKER PERIOD

Policy parameters

The **base case** in the model assumes the following key policy parameters hold.

- The MRRT rate is 30 per cent, discounted by the 25 per cent extraction allowance to give an effective MRRT rate of 22.5 per cent.
- State royalties are levied at actual rates estimated to be applicable in each projection year:
 - the royalty rate used for iron ore is the Western Australian average ad valorem royalty rate, with the rate estimated from WA State Budget papers, and
 - the royalty rate used for metallurgical coal is the average of the ad valorem rates applicable in Queensland and New South Wales. The Queensland rates take account of the graduated value based royalty rates announced in the 2012-13 Queensland Budget. The New South Wales rates take account of the different rates that apply to open cut, shallow underground and deep underground mines but do not include the royalty increases foreshadowed in the 2011-12 NSW Budget (and reiterated in the 2012-13 Budget), for which a revenue target has been announced but no specific rates put forward.
- Undeducted MRRT operating costs, unused capital expense deduction and royalty deductions are carried forward at the 10 year bond rate plus 7 per cent 'uplift'.
- Starting base deductions are claimed under the market value method and deducted over the average effective life of the starting base assets (as opposed to the alternative option of using book values written off over five years).

Element (i) increases the MRRT effective rate to 40 per cent, by setting the headline rate to 40 per cent and the extraction allowance discount to zero.

Element (ii) sets the weighted average State royalty rate for each commodity to the average rate for the 2010-11 year (as a proxy for the rates applicable at 1 July 2011).

Element (iii) extends the MRRT to all minerals by adding LNG, gold, copper, nickel, crude oil, alumina, refined copper and refined nickel to those minerals modelled previously.

Element (iv) reduces the uplift factor for undeducted MRRT expenses from the 10 year bond rate plus 7 per cent to the 10 year bond rate plus 2 per cent.

Element (v) switches the basis for starting base allowance deductions from the market value deducted on a straight line basis over the lesser of 25 years or the market value of the assets, with no uplift, to the alternative deductions for book value of assets over five years (according to the 36/24/15/15/10 schedule) with uplift of unused deductions at the 10 year bond rate.

Data sources

- 2012-13 Mid-Year Economic and Fiscal Outlook
- ABS Cat. No. 8415.0, *Mining Operations Australia*, 2006-07
- ABS Cat. No. 8155.0, *Australian Industry*, 2010-11
- Reserve Bank of Australia, Index of commodity prices, exchange rates, bond rates

POLICY COSTING – ELECTION CARETAKER PERIOD

- Bureau of Resource and Energy Economics, Commodity Statistics, March 2013
- Coal Services Pty Limited, *Australian Black Coal Mining Summary 2009-10*
- New South Wales Treasury, State Budget papers (various)
- Queensland Treasury, State Budget papers (various)
- Western Australia, State Budget papers (various)
- Index Mundi, monthly commodity price indices
<http://www.indexmundi.com/commodities/?commodity=iron-ore&months=12>

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: BASE REVENUE AND DETAILED RESULTS

This attachment includes the estimated revenue impact for each element of this costing using 2013 Pre-Election Economic and Fiscal Outlook report parameters. Base MRRT revenue, including PBO estimates of the different mineral compositions, is also provided.

Base MRRT revenue published in the 2013 Pre-Election Economic and Fiscal Outlook

Estimated MRRT as at the 2013 Pre-Election Economic and Fiscal Outlook				
	2013-14	2014-15	2015-16	2016-17
Iron ore(a)	600	600	900	1,400
Metallurgical coal(a)	100	200	200	400
Thermal coal(a)	0	0	0	0
Total	700	800	1,100	1,800

(a) PBO estimates of the composition of MRRT revenue.

Detailed estimates for elements (i) to (v)

The impact of each of the costing elements is shown separately in the following sections. There are some interactions between these elements that means that they do not necessarily sum to the total of the policy costing.

Element (i) Impose an MRRT tax rate of 40 per cent (including abolition of the 25 per cent extraction allowance, so that the effective tax rate is 40 per cent)

This element is estimated to increase both the underlying cash and fiscal balances by around \$11.6 billion over the period from 2013-14 to 2016-17. This impact is entirely due to increased revenue.

Element (i) - Increase MRRT rate to 40% (in isolation)				
Revenue impact (\$ million) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	0	2,300	3,400	4,200
Metallurgical coal	0	400	600	700
Thermal coal	0	0	0	0
Total	0	2,700	4,000	4,900

MRRT revenue including the impact of Element (i) ^(b)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	600	2,900	4,300	5,600
Metallurgical coal	100	600	800	1,100
Thermal coal	0	0	0	0
Total	700	3,500	5,100	6,700

Footnotes:

(a) Impact relative to 2013 PEFO estimates.

(b) Revenue impact of MRRT net of company tax deduction and credits for State royalties.

POLICY COSTING – ELECTION CARETAKER PERIOD

Element (ii) Royalties credited at the royalty rates in place at 1 July 2011

This element is estimated to increase both the underlying cash and fiscal balances by around \$1.7 billion over the period from 2013-14 to 2016-17. This impact is entirely due to increased revenue.

Element (ii) Royalties credited at rates in place as at 1 July 2011 (in isolation)

Revenue impact (\$ million) ^(a)

	2013-14	2014-15	2015-16	2016-17
Iron ore	0	400	600	700
Metallurgical coal	0	0	0	0
Thermal coal	0	0	0	0
Total	0	400	600	700

MRRT revenue including the impact of Element (ii) ^(b)

	2013-14	2014-15	2015-16	2016-17
Iron ore	600	1,000	1,500	2,100
Metallurgical coal	100	200	200	400
Thermal coal	0	0	0	0
Total	700	1,200	1,700	2,500

Footnotes:

(a) Impact relative to 2013 PEFO estimates.

(b) Revenue impact of MRRT net of company tax deduction and credits for State royalties.

POLICY COSTING – ELECTION CARETAKER PERIOD

Element (iii) Include all minerals in the MRRT

This element is estimated to increase both the underlying cash and fiscal balances by around \$1.7 billion over the period from 2013-14 to 2016-17. This impact is entirely due to increased revenue.

Element (iii) Expand MRRT coverage to include all minerals (in isolation)

Revenue impact (\$ million) ^(a)

	2013-14	2014-15	2015-16	2016-17
Iron ore	0	0	0	0
Metallurgical coal	0	0	0	0
Thermal coal	0	0	0	0
Gold	0	600	600	500
Copper	0	0	0	0
Nickel	0	0	0	0
Alumina	0	0	0	0
Refined Copper	0	0	0	0
Refined Nickel	0	0	0	0
Total	0	600	600	500

MRRT revenue including the impact of Element (iii) ^(b)

	2013-14	2014-15	2015-16	2016-17
Iron ore	600	600	900	1,400
Metallurgical coal	100	200	200	400
Thermal coal	0	0	0	0
Gold	0	600	600	500
Copper	0	0	0	0
Nickel	0	0	0	0
Alumina	0	0	0	0
Refined Copper	0	0	0	0
Refined Nickel	0	0	0	0
Total	700	1,400	1,700	2,300

Footnotes:

(a) Impact relative to 2013 PEFO estimates.

(b) Revenue impact of MRRT net of company tax deduction and credits for State royalties.

POLICY COSTING – ELECTION CARETAKER PERIOD

Element (iv) Reduce the uplift rate from the bond rate plus 7 percentage points to the bond rate plus 2 percentage points.

This element is not estimated to have an impact on either the underlying cash or fiscal balances over the period from 2013-14 to 2016-17.

Element (iv) Uplift rate at 10 year bond rate plus 2%				
Revenue impact (\$ million) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	0	0	0	0
Metallurgical coal	0	0	0	0
Thermal coal	0	0	0	0
Total	0	0	0	0

MRRT revenue including the impact of Element (iv) ^(b)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	600	600	900	1,400
Metallurgical coal	100	200	200	400
Thermal coal	0	0	0	0
Total	700	800	1,100	1,800

Footnotes:

(a) Impact relative to 2013 PEFO estimates.

(b) Revenue impact of MRRT net of company tax deduction and credits for State royalties.

Element (v) Restrict the starting base for existing projects to the depreciated book value of what companies have actually spent on mining infrastructure.

This element is estimated to increase both the underlying cash and fiscal balances by around \$4.0 billion over the period from 2013-14 to 2016-17. This impact is entirely due to increased revenue.

Element (v) Starting base deduction set to book value - depreciated over 5 years				
Revenue impact (\$ million) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	0	900	1,300	1,500
Metallurgical coal	0	0	100	200
Thermal coal	0	0	0	0
Total	0	900	1,400	1,700

MRRT revenue including the impact of Element (v) ^(b)				
	2013-14	2014-15	2015-16	2016-17
Iron ore	600	1,500	2,200	2,900
Metallurgical coal	100	200	300	600
Thermal coal	0	0	0	0
Total	700	1,700	2,500	3,500

Footnotes:

(a) Impact relative to 2013 PEFO estimates.

(b) Revenue impact of MRRT net of company tax deduction and credits for State royalties.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Abolishing fossil fuel subsidies
Summary of proposal:	<p>The proposal would abolish:</p> <ul style="list-style-type: none"> • fuel tax credits (FTCs) for the mining industry (FTCs replaced the diesel fuel rebate from 1 July 2006), • accelerated depreciation tax concessions for aircraft, the oil and gas industry and vehicles (except those used for agricultural purposes), and • immediate deductions in the mining industry relating to exploration and prospecting. <p>The intention of the proposal is to remove a distortion in the tax system favouring some industries over others and raise revenue to be invested in the industries of the future.</p> <p>The proposal would have effect from 1 January 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	21 August 2013
Date of public release of policy:	14 July 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to increase the underlying cash balance by \$10.50 billion and increase the fiscal balance by \$10.85 billion over the 2013-14 forward estimates period. This impact reflects: an increase in revenue from abolishing accelerated depreciation and exploration tax concessions for the mining industry, a reduction in expenditure from abolishing fuel tax credits (FTCs) for mining companies and an offsetting decrease in company tax and minerals resource rent tax (MRRT) arising from increased fuel costs associated with abolishing FTCs.

This costing includes a number of components. A detailed breakdown of the components of this costing is included at [Attachment A](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of the difference between the timing of accrual and cash expenses related to the FTC component of the costing.

POLICY COSTING – ELECTION CARETAKER PERIOD

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental expenses are not expected to be significant and have not been included in this costing.

This costing is considered to be of low reliability as it is based on a number of assumptions and projected aggregate data.

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

Impact on:	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	1,000	2,850	3,250	3,400
Fiscal balance (\$m)	1,350	2,850	3,250	3,400

(a) A positive number for the fiscal balance indicates a decrease in expense and an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenditure and an increase in revenue receipts in cash terms.

Key assumptions

General assumptions

- The proposal would have effect from 1 January 2014.
- Estimates have been rounded to the nearest \$50 million.

Assumptions relating to the abolition of fuel tax credits for the mining industry

- Currently entities in the mining industry are able to claim FTCs for fuel they use, as follows:
 - an FTC equal to the full excise paid on eligible fuel is available for fuel used in off road applications, and
 - a part FTC, equal to the excise paid less a road user charge (RUC) is payable in respect of fuel used on road in transport vehicles with greater than 4.5 tonnes gross vehicle mass (GVM).
- From 1 July 2012, FTCs for off road use of fuel used (inter alia) in the mining industry have been reduced by an amount equal to the charge imposed by the carbon pricing mechanism (CPM) on the fuel concerned. Companies are able to elect to receive a full fuel tax credit and to pay their CPM liabilities relating to eligible fuel use through the CPM. Similar arrangements will apply to the heavy on road transport sector from 1 July 2014, including heavy on road transport used in the mining sector.
 - The costing assumes that, if eligibility for FTCs is removed from the mining industry, mining companies will lose FTCs equal to the full excise of 38.143 cents per litre (cpl) (or 38.143cpl less the RUC for fuel used on road after 1 July 2014).
- FTCs currently reduce the expenses entities are able to claim for their fuel for both company tax and the minerals resource rent tax (MRRT). Abolishing FTCs for mining entities would increase the deductions claimed by mining companies for both these taxes. As the MRRT is a deductible expense for company tax purposes, this impact compounds over both taxes.
 - This costing uses the current company tax rate of 30 per cent and the current effective MRRT rate of 22.5 per cent.
 - The modelling takes account of the FTCs being deductible for both MRRT and company tax purposes.

POLICY COSTING – ELECTION CARETAKER PERIOD

- The costing assumes that there would be no behavioural change in response to the proposal, with the result that the level of mining activity and fuel consumption remains unchanged as a result of the proposal.

Assumptions relating to the abolition of accelerated asset depreciation and abolition of immediate deductions for exploration and prospecting

The costing assumes that there is no behavioural response to removing the accelerated depreciation provisions, for instance through reducing expenditure on the assets concerned.

The PBO has made the following assumptions in calculating the estimated impact of removing the accelerated depreciation tax concessions:

- Where there are varying safe harbour effective lives for the same category of asset, an average was taken to arrive at the safe harbour asset life.
- The average marginal tax rate for individual taxpayers is 33 per cent.
- Assets are assumed to be purchased throughout the year.
- Taxpayers are assumed to utilise deductions associated with aircraft, the oil and gas industry and vehicles according to the following profile:
 - 75 per cent are taxable in the year they purchase the depreciable assets
 - 15 per cent become taxable in the year after they purchased the asset, and
 - 5 per cent become taxable two years after they purchased the asset.
- Some of the increase in tax from companies arising from the proposal is clawed back through increased imputation credits being available in relation to dividends paid to shareholders.
- Estimates have been rounded to the nearest \$50 million.
- Approximately 10 per cent of vehicles were considered to be used for agricultural purposes and were not included in the costing.
- Taxpayers are assumed to utilise deductions associated with exploration and prospecting according to their taxable/non-taxable status. In aggregate, 50 per cent of affected taxpayers are taxable each year.
- Exploration and prospecting assets are assumed to have a 15 year effective life under the proposal.

Methodology

Methodology for costing the abolition of fuel tax credits for the mining industry

The costing has been performed using an aggregate analysis, based on total FTCs paid to the mining industry. This is a “tops down” approach, using actual payment data and will include the effect of factors such as the take up rates for FTCs that were applicable in the period from which the data are drawn. The impact of the proposal was calculated as follows:

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- Total FTCs payable in 2011-12 to the mining industry were obtained from the Australian Taxation Office (ATO) taxation statistics and projected out over the forward estimates using the growth rate in the budget data for diesel fuel excise.
- The FTC data was decomposed into ‘on road’ and ‘off road’ components using historical data from the Energy Grants Credit Scheme.
- The impact of FTCs on the MRRT and company tax payable by mining companies was estimated by calculating the combined change in the value of deductions for fuel for that part of the mining industry estimated to be subject to MRRT, and the change in the value of company tax deductions for the remainder of the mining industry.
- Timing assumptions on the frequency of FTC payments through the Business Activity Statement (BAS) system were made to determine the impact of the proposal on an underlying cash balance basis.

Growth rates in the model are based on the growth rates for diesel fuel excise reported in *2013 Pre-Election Economic and Fiscal Outlook* report. The road user charge (RUC) used to calculate ‘on road’ FTCs was grown in the projection period at the average of annual growth rates for the period 2008-09 to 2013-14.

Timing assumptions on the frequency of FTC payments through the BAS system were made to determine the impact of the proposal on an underlying cash balance basis.

Methodology for modelling the abolition of accelerated asset depreciation and the abolition of immediate deductions for exploration and prospecting

The abolition of immediate deductibility of exploration and prospecting has been modelled in the same manner as the removal of accelerated asset depreciation.

The impact of this proposal was estimated by calculating the impact of total depreciation deductions expected under the proposal over the forward estimates period less the impact of total depreciation deductions currently expected over the forward estimates period.

Company tax timing assumptions which allow for the impact of companies with substituted accounting periods were used in this costing.

Data sources

- ATO Taxation Statistics 2011-12, detailed tables from the ATO website www.ato.gov.au.
- Fuel excise data from the *2013 Pre-Election Economic and Fiscal Outlook* report.
- FTC estimates from the 2013-14 Budget Paper No. 1.
- ATO data on business depreciating asset expenditure was obtained from the Treasury.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF THE COSTING

This attachment provides a breakdown of the financial implications of the proposal.

Table A1: Financial implications – Fiscal balance (\$ million)

	2013-14	2014-15	2015-16	2016-17
Revenue impact				
Remove accelerated depreciation for mining companies ^a	..	250	700	800
Remove immediate deduction for exploration and prospecting ^a	100	650	1050	900
Company tax and MRRT impact from abolishing FTCs for mining companies ^a	-	-550	-1050	-950
Total	100	350	700	750
Expense impact				
Abolish FTCs for mining companies ^a	1,250	2,500	2,550	2,650
Total	1,350	2,850	3,250	3,400

a) A positive number for the fiscal balance represents an increase in revenue or a decrease in expenses. A negative number for the fiscal balance represents a decrease in revenue or an increase in expenses.

“..” means not zero but rounded to zero.

Table A2: Financial implications – Underlying cash balance (\$ million)

	2013-14	2014-15	2015-16	2016-17
Revenue impact				
Remove accelerated depreciation for mining companies ^a	..	250	700	800
Remove immediate deduction for exploration and prospecting ^a	100	650	1,050	900
Company tax and MRRT impacts from abolishing FTCs for mining companies ^a	-	-550	-1050	-950
Total	100	350	700	750
Expense impact				
Abolish FTCs for mining companies ^a	900	2,500	2,550	2,650
Total	1,000	2,850	3,250	3,400

a) A positive number for the fiscal balance represents an increase in receipts or a decrease in outlays. A negative number for the underlying cash balance represents a decrease in receipts or an increase in outlays.

“..” means not zero but rounded to zero.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Bank Public Support Levy (previously <i>Public Support Levy</i>)
Summary of proposal:	<p>The proposal would introduce a 20 basis point levy on bank assets in excess of \$100 billion, as suggested in the International Monetary Fund Report “A fair and substantial contribution from the financial sector: Final Report for the G-20.” This would replace the Financial Stability Fund measure announced by the Government in the August 2013 Economic Statement.</p> <p>The IMF estimates that banks which are perceived as “too big to fail” receive a 20 basis point advantage over small banks due to the implicit Government guarantee underwriting their activities.</p> <p>The proposal is intended to make major banks pay a fair charge for the public support they receive.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	16 August 2013
Date of public release of policy	14 July 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to increase both the underlying cash and fiscal balances by \$7.9 billion over the 2013-14 Budget forward estimates period. This impact reflects an increase in revenue of \$11.5 billion from the levy and a decrease in company tax receipts of \$3.6 billion over this period.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental costs are expected to be minimal and have not been included in this costing. Administration of the policy should not be a significant cost given that the Australian Prudential Regulation Authority (APRA) already collects data on bank assets and that the levy would only apply to four taxpayers at present.

This costing is considered to be of high reliability. It is based on high quality, up to date information and current growth forecasts. No data assumptions have been made.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	2,700	2,500	2,700
Fiscal balance (\$m)	-	2,700	2,500	2,700

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms.

Key assumptions

Assumptions detailed in the costing request:

- The Public Support Levy would replace the Financial Stability Fund measure that the Government announced in the August 2013 Economic Statement.
- The levy is treated as a deductible expense for company tax purposes.
- The levy is 20 basis points (0.2 per cent) of the value of total resident assets of each bank in excess of the \$100 billion threshold.
- The proposal would start from 1 July 2014.

The PBO has made the following assumptions regarding this proposal.

General assumptions

- The levy would be payable in a single instalment within the financial year based on the estimated value of assets as at 1 July each year.
- The value of bank assets is assumed to grow each year by the growth rate in GDP.

Behavioural assumptions

- The costing assumes that the cost of the proposed levy is not passed on to bank customers.
 - This assumption is reasonable given that, based on the APRA data, only the 4 major banks would be subject to the levy and competition from other approved deposit taking institutions would limit their ability to pass the impact through to customers, with the result that the levy would impact on profit and taxable income (as costed).
 - The impact of varying this assumption mainly impacts on the rate at which the levy is assumed to be deducted from assessable incomes. If banks were to pass the levy through to consumers in the form of increased fees or reduced interest, that pass through would increase the assessable income of the banks for tax purposes, offsetting the deduction they receive for the levy, but would be matched by reductions in the taxable income of (resident) bank customers. In this case, the impact of reduced income/tax deductions on tax revenue would depend upon the marginal tax rates of bank customers.
- The costing also assumes that the imposition of the levy does not change the behaviour of Australian banks or their customers, for instance by moving business offshore, restructuring banking businesses to get under the asset threshold or shifting business away from banks subject to the levy to those that are not subject to the levy.

POLICY COSTING – ELECTION CARETAKER PERIOD

- According to APRA data, the total profit of the four major Australian banks in the year ended December 2012 was \$32.6 billion and tax paid was \$10.2 billion. The levy proposed is equivalent to more than a quarter of the income tax currently paid by the banks. Such an increase in tax liability is likely to result in a behavioural response.
- The PBO cannot reliably estimate what the nature or magnitude of any behavioural change would be in response to the proposal. The actual behaviour of the major banks in response to the levy could materially affect the costing.

Methodology

Total resident assets of Australian banks were obtained from the APRA *Monthly Banking Statistics* for each licensed bank. Total resident assets are defined as “all assets on the banks' domestic books that are due from residents”. The bank assets were then tested against the proposed \$100 billion threshold. Only assets of banks that were in excess of the threshold were assessed for the levy.

Data sources

- APRA *Monthly Banking Statistics, June 2013*
- APRA *Quarterly Authorised Deposit-taking Institution Performance, March 2013*
- *2013 Economic Statement*
- *Pre-Election Economic and Fiscal Outlook 2013*



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Millionaires tax
Summary of proposal:	The proposal would introduce an additional 5 per cent tax on incomes over \$1 million. Income for the purpose of the additional tax would be defined as taxable income plus reportable fringe benefits. The proposal would have effect from 1 July 2014.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	20 August 2013
Date of public release of policy	14 July 2013
Agencies from which information was obtained:	Australian Taxation Office (ATO)

Costing overview

This proposal is expected to increase both the underlying cash and fiscal balances by \$526.9 million over the 2013-14 Budget forward estimates period. This impact reflects an increase in expenses of \$3.1 million and an increase in revenue of \$530 million over this period. A detailed breakdown of the components of the costing is included at [Attachment A](#).

The costing profile matures in 2016-17 and the proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental expenses associated with this proposal have been estimated in consultation with the ATO. These estimates have been included in the costing.

This costing is considered to be of medium reliability. It was estimated using a model based on a de-identified sample of 2010-11 personal income tax and superannuation data from the ATO.

The estimates in this costing include allowances for behavioural responses. The modelling includes an allowance for high income individuals to bring forward a small amount of income in excess of \$1 million from 2014-15 to 2013-14 to take advantage of lower tax rates before the new tax takes effect. In addition, the modelling assumes that individuals will reduce their taxable incomes from 2014-15 in response to the additional tax.

The estimates in this costing differ from those in the applicant's costing request due to the PBO using more recent personal income tax and superannuation data. In addition, the PBO was able to access de-identified taxpayer information from the ATO as a result of recent amendments to the *Taxation Administration Act 1953*, which allowed the PBO to refine its assumptions surrounding the timing of personal income tax receipts for very high income earners.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	119.0	-51.4	149.6	309.7
Fiscal balance (\$m)	119.0	-51.4	149.6	309.7

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or capital in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or capital in cash terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or capital in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or capital in cash terms.

Key assumptions

- The costing assumes that high income individuals have a taxable income elasticity of 0.35, in line with estimates used in the United Kingdom.
- Affected individuals bring forward a small amount of income from the 2014-15 income year to the 2013-14 income year to avoid the additional tax.
- The additional tax revenue is collected via a levy in quarterly instalments.

Methodology

The costing was estimated using a microsimulation model based on a de-identified 16 per cent sample of 2010-11 personal income tax and superannuation data from the ATO.

A small proportion of taxable income in excess of \$1 million in 2014-15 is assumed to be brought forward to 2013-14 to account for individuals rearranging their income in the short-term to avoid the levy. This results in an increase in tax collections in 2013-14 as the income brought forward is subject to income tax withholding and the Pay As You Go instalment system, with a reduction in taxable income, mainly in 2014-15.

A taxable income elasticity of 0.35 was applied to individuals with incomes in excess of \$1 million from 2014-15 to account for longer-term responses by individuals to the introduction of the levy. This resulted in decreased personal income tax and Medicare Levy revenue.

The levy revenue was calculated by multiplying the sum of taxable income and reportable fringe benefits in excess of \$1 million, after incorporating behavioural impacts, by the rate of the levy.

Data sources

- *The Exchequer effect of the 50 per cent additional rate of income tax*, HM Revenue and Customs.
- 16 per cent samples of de-identified personal income tax and superannuation records from 2006-07 to 2010-11, ATO.
- Taxation Statistics – 2005-06 to 2010-11, ATO.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED FINANCIAL IMPLICATIONS

The detailed financial implications over the 2013-14 Budget forward estimates are summarised in the table below.

Table A1: Impact on underlying cash and fiscal balances^(a)

	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Levy revenue impact (b)	-	300	680	840	1,820
Individual tax revenue impact (c)	120	-350	-530	-530	-1,290
Departmental expense impact (d)	1.0	1.4	0.4	0.3	3.1
Net impact (e)	119.0	-51.4	149.6	309.7	526.9

Notes

- (a) Revenue estimates are rounded to the nearest \$10 million. Expense and capital estimates are rounded to the nearest \$100,000.
- (b) The levy revenue impact refers to the impact of the additional 5 per cent tax on incomes over \$1 million.
- (c) The individual tax revenue impact refers to the change in ordinary income tax collections as a result of behavioural responses altering incomes.
- (d) A minus sign before the estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.
- (e) The net impact is equal to the levy revenue impact, plus the individual tax revenue impact, minus the departmental expense impact, minus the departmental capital impact.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Abolish income quarantining (previously <i>Abolition of income management</i>)
Summary of proposal:	The proposal would abolish income management programs across Australia. The proposal would have effect from 1 January 2014.
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	20 August 2013
Date of public release of policy:	29 July 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) • Department of Human Services (DHS)

Costing overview

This proposal is expected to increase the underlying cash balance by \$91.0 million and increase the fiscal balance by \$92.2 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a reduction in expenses.

The underlying cash balance impact of this proposal differs slightly from the fiscal balance impact because of minor differences in the timing of when departmental expenses are incurred and paid.

Current funding for income management in the Northern Territory ceases in 2014-15, whilst funding for income management in other jurisdictions continues until 2015-16. DHS has advised that there will be costs of around \$11 million associated with winding up the scheme which will reduce the savings that can be recovered relative to the amount in the 2013-14 Budget forward estimates. These wind up costs are taken into account in the costing.

The costing is considered to be of medium reliability. While the gross savings are based on Pre-election Economic and Fiscal Outlook (PEFO) estimates currently allocated to FaHCSIA and DHS, DHS has noted some uncertainty regarding the estimated costs for winding up income management.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	43.3	25.6	22.1	-
Fiscal balance (\$m)	43.8	26.0	22.4	-

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms

Methodology

The estimates in this costing are based on reversing funding currently allocated to FaHCSIA and DHS for income management net of the estimated costs associated with winding up the scheme. The estimate for 2013-14 includes a half-year impact for the income management savings as the costing assumes a 1 January 2014 commencement date as per costing request.

Data sources

The estimates for income management programs across Australia were obtained from FaHCSIA and DHS. DHS also provided estimates for costs associated with ceasing income management.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Cancel the Joint Strike Fighter Program
Summary of proposal:	The intention of the proposal is to cancel the purchase of Joint Strike Fighters. The proposal will have effect from October 2013.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	20 August 2013
Date of public release of policy:	28 February 2013
Agencies from which information was obtained:	Department of Defence (Defence)

Costing overview

This proposal is expected to increase both the underlying cash balance and fiscal balance by \$805 million over the 2013-14 Budget forward estimates period. This is entirely due to a decrease to expenses.

This proposal will have an impact that extends beyond the forward estimates period. Total savings are estimated to be approximately USD \$13 billion, based on the ANAO audit report (see Data section) estimate of the full cost of the Joint Strike Fighter project.

This costing reflects the Pre-Election Economic and Fiscal Outlook 2013 (PEFO) and a start date of October 2013. The costing has been undertaken consistent with exchange rates used in PEFO 2013.

This costing is considered to be of high reliability as it is based on updated expense amounts for the Joint Strike Fighter program over the 2013-14 Budget forward estimates period.

The estimates in this costing differ from those presented in the applicant's costing request because of changes to the estimated costs over the 2013-14 Budget forward estimates period, principally the change between the 2013-14 Budget and PEFO in the AUD to USD exchange rate assumption.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	7.8	140.9	205.5	451.2
Fiscal balance (\$m)	7.8	140.9	205.5	451.2

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

The expense profile is as specified in the information provided by Defence for the 2013-14 Budget forward estimates period, which also includes commitments requiring repayment in the event of contract terminations.

Methodology

The estimates are those provided by Defence for the 2013-14 Budget forward estimates period.

Data sources

ANAO audit report, No. 6, 2012-13, Management of Australia's Air Combat Capacity – F-35A Joint Strike Fighter Acquisition, available:

<http://www.anao.gov.au/~media/Files/Audit%20Reports/2012%202013/Audit%20Report%206/201213%20Audit%20Report%20No%206%20OCRed.pdf>



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Clean Energy Roadmap
Summary of proposal:	<p>The proposal would increase the Renewable Energy Target (RET) to 90 per cent by 2030 and increase appropriations to the Clean Energy Finance Corporation (CEFC) to \$3 billion a year for ten years.</p> <p>The intention of the proposal is to increase investment in renewable energy.</p> <p>The increased RET would apply from 2020 to 2030.</p> <p>The increased appropriations to the CEFC would apply from the 2013-14 financial year.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	21 August 2013
Date of public release of policy:	1 July 2013
Additional information requested:	On 15 August 2013, clarification was sought on whether the existing 20 per cent RET by 2020 would be retained under this proposal.
Additional information received:	On 15 August 2013, the Office of Senator Milne confirmed that the current RET would be maintained.
Agencies from which information was obtained:	Clean Energy Finance Corporation

Costing overview

The proposal is expected to increase the underlying cash balance by \$98.5 million and decrease the fiscal balance by \$293.0 million over the 2013-14 Budget forward estimates period.

This costing has two elements:

1) Increased RET

The proposal to increase the RET to 90 per cent by 2030 would not have a material impact on the underlying cash and fiscal balances over the 2013-14 Budget forward estimates period as the current 20 per cent target for 2020 would be retained.

POLICY COSTING – ELECTION CARETAKER PERIOD

Increasing the RET would have financial impacts beyond the 2013-14 Budget forward estimates period that would occur upon transition from the 20 per cent target to the 90 per cent target.

2) Expanded CEFC

The impact of expanding the CEFC on the underlying cash balance reflects an increase in the receipt of interest and dividends of \$142.5 million, partially offset by an increase in payments of \$44.0 million, comprising cash payments of operating and capital expenditure.

The impact on the fiscal balance reflects an increase in expenses of \$579.5 million, comprising operating and capital expenses and a concessional loan charge. The CEFC provides loans with interest rates that are lower than commercial lending rates and the concessional loan charge reflects this difference in interest rates. The decrease in the fiscal balance is partially offset by an increase in revenue of \$286.5 million consisting of interest and dividends received, including capitalised interest.

The proposal would reduce the headline cash balance by \$2.9 billion over the 2013-14 Budget forward estimates period. The impact on the headline cash balance reflects cash outflows from Government loans and equity investments to project proponents (this does not impact on the underlying cash balance) as well as the operating costs of the CEFC. These cash outflows are partially offset by the interest, dividends and principal repayments from project proponents.

The proposal would provide an additional \$3 billion per year to the CEFC for five years from 2018-19. Expanding the CEFC would have financial impacts beyond the 2013-14 Budget forward estimates period that would continue until its loans have been discharged and its investments are wound up. Due to the variable nature of interest rates and investment returns, the proposal's fiscal and underlying cash balance impacts beyond the forward estimates would be difficult to estimate.

A detailed breakdown of the financial impacts of expanding the CEFC is included at [Attachment A](#).

This element of the costing is considered to be of medium reliability and is based on information provided by the CEFC on the assumptions underlying its estimates as reflected in the 2013 Pre-election Economic and Fiscal Outlook (PEFO), including assumptions on the amount of interest and dividends received and the market rates used to calculate the concessional loan charge.

The PBO has not undertaken any analysis on the availability and quality of the additional loans and investments that would be made by the CEFC as a result of the proposal.

The figures in this costing differ from those referred to in the costing request due to CEFC estimates being updated at the 2013 PEFO.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	4.8	17.9	30.2	45.6
Fiscal balance (\$m)	-82.3	-121.1	-77.2	-12.5
Headline cash balance (\$m)	-553.7	-572.4	-841.5	-963.3

(a) A positive number for the underlying cash balance indicates an increase to the budget bottom line in cash terms. A negative number for the fiscal balance indicates a decrease to the budget bottom line in accrual terms. A negative number for the headline cash balance indicates a net cash outflow associated with Government investments in financial assets for policy purposes. Amounts may not sum due to rounding.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

Based on the costing request, the current RET of 20 per cent by 2020 is retained with the proposed changes to the RET applying from 2020 onwards.

The PBO has made the following assumptions in costing this proposal:

1) Increased RET

- The only change to the RET under this proposal is to set a new 90 per cent target by 2030. The existing elements of the RET including the split into the large and small scale components, the shortfall charge and the certificate fees would be retained.

2) Expanded CEFC

- The CEFC's expenditure, concessional loan charge, interest and dividends would increase in proportion with the increased appropriations provided to the CEFC
- The CEFC's additional outlays would be made in line with the current estimated ratio between loans and equity investments
- There are sufficient clean energy technology projects currently in the pipeline for an additional \$1.0 billion of loans and investments to be made by the CEFC before 30 June 2014, and
- The CEFC Investment Mandate's \$300 million limit on concessionality would be increased in line with the increased appropriations provided to the CEFC and the qualitative requirements of the Investment Mandate would be unchanged.

Consistent with the treatment reflected in CEFC's current estimates, the provision for doubtful debts (estimated to be around an additional \$12 million per year over the forward estimates period) is excluded from fiscal and underlying cash balance impacts as per the Australian Accounting Standards Board's accounting standard 1049. The doubtful debt provision would decrease the Government's net worth.

Methodology

The estimated financial impacts of expanding the CEFC are based on information obtained from the CEFC on the assumptions underlying its estimates as reflected in the 2013 PEFO. The additional \$1.0 billion per year to be provided to the CEFC over the 2013-14 Budget forward estimates period would represent a 50 per cent increase to the \$2.0 billion per year it currently receives over this period.

Data sources

Information on the underlying cash and fiscal balance impacts of the CEFC and relevant underlying assumptions were obtained from the CEFC.

POLICY COSTING – ELECTION CARETAKER PERIOD

**ATTACHMENT A: EXPANDING THE CEFC
DETAILED BREAKDOWN OF FINANCIAL IMPACTS**

Table A1: Breakdown of Underlying Cash Balance (UCB) Impacts^(a)

UCB impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Interest and Dividends ^(b)	14.3	28.7	41.7	57.8
Operating and Capital	-9.5	-10.7	-11.5	-12.2
Net UCB impact	4.8	17.9	30.2	45.6

- (a) A positive number for the underlying cash balance indicates a net increase in revenue in cash terms. A negative number for the underlying cash balance indicates a net increase in expenses or net capital investment in cash terms.
 (b) These figures include a reduction in interest received associated with the net effect of capitalised interest.

Note: Amounts may not sum due to rounding.

Table A2: Breakdown of Fiscal Balance (FB) Impacts^(a)

FB impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Interest and Dividends ^(b)	13.2	39.5	84.2	149.6
Concessional Loan Charge ^(c)	-85.2	-149.5	-149.5	-149.5
Operating and Capital	-10.3	-11.1	-11.9	-12.6
Net FB impact	-82.3	-121.1	-77.2	-12.5

- (a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms.
 (b) The presentation of this component is as per CEFC's published financial statements, which includes the positive impact of unwinding of the concessional loan charge (i.e. reversing the loan discount component).
 (c) The concessional loan charges would be entirely reversed over the term of the underlying loans. Amounts associated with unwinding the concessional loan charges are included in the Interest and Dividends line (see note above).

Note: Amounts may not sum due to rounding.

Table A3: Breakdown of Headline Cash Impacts^(a)

Headline cash impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Loans and equity investments ^(b)	-560.1	-618.2	-935.2	-1,116.2
Repayments of loan principal	1.7	27.9	63.5	107.3
Interest and Dividends ^(c)	14.3	28.7	41.7	57.8
Operating and Capital ^(c)	-9.5	-10.7	-11.5	-12.2
Net headline cash impact	-553.7	-572.4	-841.5	-963.3

- (a) A positive number for the headline cash balance indicates a cash inflow. A negative number for the headline cash balance indicates a cash outflow.
 (b) The annual cash outflows associated with providing loans differ from the amount of loans committed each year due to the loans being advanced to project proponents over a period of up to 36 months following the loan commitment.
 (c) These figures are the same as those reflected in the underlying cash balance impacts (Table A1).

Note: Amounts may not sum due to rounding.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Reverse university cuts and lift base funding (previously <i>Investing in universities</i>)
Summary of proposal:	The proposal would reverse the \$2.3 billion in higher education budget cuts made in the 2013-14 Budget and provide a 10 per cent increase in base funding for universities, phased in from 1 January 2014 to 1 January 2017. The aim of the proposal is to boost higher education funding.
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy	9 July 2013
Additional information requested (including date):	15 August 2013 – The PBO sought clarification as to what base the 10 per cent increase should be applied.
Additional information received (including date):	15 August 2013 – Senator Milne’s Office advised that the 10 per cent increase should be applied to the pre-2013-14 Budget cut funding base.
Agencies from which information was obtained:	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) Department of Finance and Deregulation (Finance)

Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$3.8 billion over the 2013-14 Budget forward estimates period. This is entirely due to an increase to expenses. This proposal will have an ongoing impact that extends beyond the forward estimates period.

The costing includes departmental and administered estimates.

This costing is considered to be of high reliability because it is based on 2013-14 Budget estimates provided by DIICCSRTE, 2013-14 Budget estimates data provided by Finance and a limited number of assumptions.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-231.8	-792.4	-1,256.9	-1,546.4
Fiscal balance (\$m)	-230.4	-788.7	-1,258.3	-1,563.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

In costing this proposal the PBO has assumed that:

- as per the additional information received, the 10 per cent increase is applied to pre-2013-14 Budget cut funding levels, and
- no additional departmental funding is required to manage the 10 per cent increase in funding to existing programs.

Methodology

The costs were derived by adding the following costs:

- reversing the three 2013-14 Budget measures related to higher education budget cuts (see [Attachment A](#) Tables 1 to 3 for costs by measure), and
- applying a 10 per cent increase to the base funding estimates prior to cuts to higher education funding in the 2013-14 Budget. The 10 per cent increase was applied to the estimates in a phased approach at a rate of 2.5 per cent per calendar year from 1 January 2014 increasing to 10 per cent by 1 January 2017 (see [Attachment 1](#) Tables 4 for costs).

Data sources

The measures used for base funding are consistent with the measures used in the *Review of Australian Higher Education – Final report*, December 2008, and include:

- Commonwealth Grant Scheme
- Indigenous Support Program
- Higher Education Disability Support Program, and
- National Institutes program.

Program estimates prior to cuts to higher education funding in the 2013-14 Budget obtained from DIICSRTE.

Estimates for the 2013-14 Budget cuts obtained from Finance.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A:

Higher Education Support Act 2003 – efficiency dividend: 2013-14 Budget Paper 2 (page 217)

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-84.9	-227.6	-290.4	-299.8
Fiscal balance (\$m)	-84.9	-227.6	-290.4	-299.8

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Student Start-up Scholarships – conversion to Income Contingent Loans: 2013-14 Budget Paper 2 (page 220)

Table 2: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-35.2	-242.1	-442.5	-502.4
Fiscal balance (\$m)	-33.2	-233.2	-428.4	-492.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

HECS-HELP Discount and Voluntary HELP Repayment Bonus – ending discounting: 2013-14 Budget Paper 2 (page 216)

Table 3: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-29.6	-62.3	-65.8	-70.6
Fiscal balance (\$m)	-30.2	-67.5	-81.3	-97.6

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Application of 10 per cent increase to base funding prior to the 2013-14 Budget cuts

Table 4: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-82.0	-260.4	-458.1	-673.5
Fiscal balance (\$m)	-82.0	-260.4	-458.1	-673.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(b) Due to the calendar year application of the 10 per cent increase, the additional cost for this component would plateau in 2017-18, at an estimated additional expense of \$811 million.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Medicare funding boost (previously <i>Securing Medicare</i>)
Summary of proposal:	The proposal would move indexation of Medicare Benefits Schedule (MBS) fees from 1 July each year to 1 November each year, effectively reversing the 2013-14 Budget measure <i>Medicare Benefit Schedule – realigning indexation with the financial year</i> decision to move indexation from 1 November each year to 1 July. The proposal will have effect from 1 November 2013.
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	16 August 2013
Date of public release of policy	27 July 2013
Additional information requested (including date):	Clarification was sought from Senator Christine Milne's office 15 August 2013 as to whether the policy would be capped or demand driven.
Additional information received	On 15 August Senator Christine Milne's office advised that the policy would not be capped.
Agencies from which information was obtained:	Department of Health and Ageing (DHA)

Costing overview

This proposal is expected to decrease the underlying cash balance by \$662.2 million and decrease the fiscal balance by \$663.6 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses over this period.

The proposal will have an ongoing impact that extends beyond the forward estimates period. This ongoing impact would be in the order of \$163.0 million per annum plus the effect of any underlying trends (service growth, average rebate growth, new or revised listings) in Medicare expenditure

The underlying cash impact of this proposal differs from the fiscal balance impact because of the time lag between the treatment sessions occurring (at which time the payment from the Government is owing) and the actual payment of the fee to the provider once the claim through Medicare has been processed.

A detailed breakdown of the costs by Agency is included at [Attachment A](#).

POLICY COSTING – ELECTION CARETAKER PERIOD

This costing is considered to be of high reliability, given the net impact of utilisation rates and indexation parameters since the measure was announced in the 2013-14 Budget has been minimal.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-159.6	-152.8	-172.9	-176.8
Fiscal balance (\$m)	-159.9	-153.1	-173.4	-177.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

This costing utilises information provided by DHA.

The PBO has assumed that departmental funding associated with the original 2013-14 Budget measure would no longer be required.

Methodology

The savings announced in the original 2013-14 Budget measure have been reduced in line with the reduction in estimated overall Medicare expenditure between the 2013-14 Budget and the 2013 Pre-Election Economic and Fiscal Outlook.

Savings associated with Departmental funding for the original measure are then taken into account.

Data sources

- 2013-14 Budget Paper no.2 page 177.
- Program level forward estimates.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: AGENCY BREAKDOWN OF COSTS

The following table provides an agency breakdown of administered and departmental costs.

Table A1: Agency breakdown – financial implications (outturn prices)^{(b)(c)}

Agency	2013-14	2014-15	2015-16	2016-17
Department of Health and Ageing - Administered (\$m)	-152.2	-146.2	-162.6	-163.0
Department of Health and Ageing - Departmental (\$m)	0.06	-	-	-
Department of Human Services (\$m)	0.05	0.05	-	-
Department of Veterans' Affairs (\$m)	-7.7	-6.9	-10.8	-14.3
TOTAL (\$m)	-159.9	-153.1	-173.4	-177.3

(b) Figures represent fiscal balance.

(c) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A negative number for the fiscal balance indicates an increase in expenses in cash terms.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Extreme weather/Coal levy (previously <i>Preparing for extreme weather</i>)
Summary of proposal:	<p>The proposal would help prepare for extreme weather by raising funds for natural disaster mitigation from a \$2 per tonne levy on thermal coal exports that would be deductible for company tax purposes.</p> <p>Funds raised would be used to expand the existing National Disaster Resilience Program and maintain the National Climate Change Adaptation Facility.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	20 August 2013
Date of public release of policy:	25 July 2013

Costing overview

The proposal will not impact on either the underlying cash or fiscal balance since the funding is capped at the level of funding raised by the thermal coal exports levy.

The levy is estimated to raise net revenue of \$301.2 million in 2014-15, \$306.7 million in 2015-16 and \$321.4 million in 2016-17. \$416.3 million of net revenue is estimated to be raised in 2017-18.

This costing is considered to be high reliability as it is assumed any revenue raised will be spent on disaster mitigation.

Table 1: Financial implications of the coal levy and natural disaster mitigation expenditure (outturn prices)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	-	-	-

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

As per costing request:

- Funding for natural disaster mitigation is capped at the amount of net revenue raised by the levy and expenditure will occur in line with net revenue raised.
- Any departmental costs associated with the proposal are covered by the revenue generated by the levy.

The PBO has made the following assumptions:

- The levy is paid via quarterly instalments paid following the completion of a quarter such that in the first financial year of the proposal only three quarters of payment is received.
- The levy does not impact the level of coal exports over the forward estimates period as any behavioural response is assumed negligible over this timeframe.
- All companies subject to the levy have taxable incomes greater than or equal to their levy liabilities, resulting in 100 per cent utilisation of company tax deductions related to the levy.
- Companies do not vary their company tax instalments from the tax commissioner's determined rate and the impact of the change in tax deduction each year is subject to the normal variation in instalments.

Methodology

The PBO estimated the amount of the levy revenue by applying a \$2 per tonne levy on the latest Bureau of Resources and Energy Economics (BREE) thermal coal export forecasts.

The impact of company tax deductions on levy revenue was estimated by multiplying the levy revenue by the statutory company tax rate (30 per cent) and then adjusting the result for the timing of company tax receipts.

Details are at [Attachment A](#).

Data sources

- Bureau of Resources and Energy Economics, *Resources and Energy Quarterly*, March 2013
- Online: <http://www.bree.gov.au/publications/req.html>

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: COSTING DETAIL

Table A1: Thermal coal exports (volume)

Million tonnes (Mt) per annum	2013-14	2014-15	2015-16	2016-17
Australian thermal coal exports subject to the levy	-	213.6	237.2	268

Table A2: Estimated thermal coal export levy (\$2 per tonne)

\$ millions per annum	2013-14	2014-15	2015-16	2016-17
Levy revenue	-	320.4	462.6	520.6
Company tax	-	-19.2	-155.9	-199.2
Net levy revenue	-	301.2	306.7	321.4



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Dollar bets
Summary of proposal:	<p>The proposal will require all poker machines in Australia to have the following limitations:</p> <ul style="list-style-type: none"> • a maximum bet limit of \$1 per spin • a load up limit of \$20, and • jackpots of no more than \$500. <p>The proposal will require all new poker machines to support bet and jackpot limits by 2015, with the limits to be enforced on all machines from 1 July 2017.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy:	26 July 2013
Additional information requested (including date):	On 15 August 2013, additional information was sought from the applicant on the commencement date of the enforcement of the limitations on all poker machines.
Additional information received (including date):	On 15 August 2013, Director of Policy, Office of Senator Christine Milne advised that the enforcement of the proposed limitations on all machines would commence on 1 July 2017.
Agencies from which information was obtained:	Not applicable

Costing overview

The proposal will require all new poker machines to support the outlined bet and jackpot limits by 2015, with enforcement of these limitations on all poker machines to begin on 1 July 2017. The cost in the lead up to commencement of the enforcement is likely to be limited. As a result the cost across the budget and forward years is expected to be negligible.

There may be an increase in the costs to the Department of Families, Housing, Community Services and Indigenous Affairs in the lead up to enforcement of the proposal, including those involved in the setup of the regulatory body and dissemination of information. However, these are likely to be limited and are not quantifiable with the information available.

POLICY COSTING – ELECTION CARETAKER PERIOD

There are anticipated costs beyond the forward estimates due to regulation, however, these costs will depend on the approach adopted to monitor and enforce compliance with the proposed policy. As a result, these costs have not been quantified.

The impact on State government revenues has not been quantified.

This costing is considered to be of high reliability based on the information available.

Table 1: Financial implications (outturn prices)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	-	-	-

Key assumptions

The proposal assumes the main impact on the Commonwealth Government would be the cost of regulation. It also assumes a transition period whereby the limits would be enforceable from 1 July 2017. Hence in this costing, it is assumed that there would be no enforcement costs and very limited other costs to the Commonwealth Government during the 2013-14 Budget forward estimates period.

Beyond the forward estimates period, the costs will depend on whether the regulator is established within an existing Commonwealth agency or as an independent public statutory authority, as well as the approach and scope of the regulatory requirements. In many cases, regulators operate on a cost-neutral basis with costs offset by imposing a levy on the regulated entities.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Housing Supply Bonds (previously <i>Safe as Houses</i>)
Summary of proposal:	<p>The proposal would raise finance for non-profit housing organisations to construct a maximum of 7,200 new homes a year. The required funds will be raised through three kinds of bonds:</p> <ul style="list-style-type: none"> • 10 per cent from ‘zero interest social housing growth bonds’ issued to and held by the Government • 20 per cent from ‘tax smart housing supply bonds’, which are long-term fixed interest bonds offering tax-free interest issued to retail investors, and • 70 per cent from ‘AAA housing supply bonds’ guaranteed by the Government and issued to wholesale investors. <p>An independent financial intermediary, the Australian Affordable Housing Finance Corporation (AAHFC), would have responsibility for issuing the bonds and loans as part of the scheme.</p> <p>The proposal will have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	22 August 2013
Date of public release of policy:	27 July 2013
Additional information requested (including date):	On 16 August 2013, additional information was sought from the applicant on whether the funding for the AAHFC is capped. On 22 August 2013, additional information was sought on the intended recipient of the finance provided by the zero interest social housing growth bonds.
Additional information received (including date):	On 17 August 2013, Director of Policy, Office of Senator Christine Milne advised that the funding for the AAHFC is capped. On 22 August 2013, Director of Policy, Office of Senator Christine Milne advised that it was intended that the zero interest finance would be provided to non-profit housing organisations.
Agencies from which information was obtained:	Not applicable

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease the underlying cash balance by \$59 million and decrease the fiscal balance by \$330 million over the 2013-14 Budget forward estimates period. The impact on the underlying cash balance reflects an increase in payments of \$30 million and a decrease in receipts of \$29 million over this period. The impact on the fiscal balance reflects an increase in expenses of \$300 million and a decrease in revenue of \$30 million over this period.

This proposal will have an ongoing impact that extends beyond the forward estimates period. The decrease to revenue in the forward estimates period continues to grow beyond the forward estimates by an additional \$10 million a year on the previous year's impact due to the tax concessions that continue to apply to the tax smart housing supply bonds issued in previous years.

The proposal would reduce the headline cash balance by \$1.3 billion in total over the 2013-14 Budget forward estimates period. The reduction in the headline cash balance reflects the \$204 million worth of zero interest social housing growth bonds acquired by the Government each year.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of the loan discount component of the concessional (zero interest) social housing growth bonds, which is an accrual expense but does not impact on the underlying cash balance.

The departmental expenses of the AAHFC of \$10 million a year are capped as specified by the requestor.

A detailed breakdown of the components of the costing's financial impact is included at [Attachment A](#).

The costing is considered to be of medium reliability because the housing supply bonds are costed using data mainly from sources other than actual tax or expenditure data.

The impact on the underlying cash balance is \$115 million lower over the forward estimates period than those presented in the costing request. The impact on a fiscal balance basis is \$155 million higher over the forward estimates period than those presented in the costing request. These differences arise because of a revision in the costing methodology used by the PBO.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-10	-20	-30
Fiscal balance (\$m)	-	-100	-110	-120
Headline cash balance (\$m)	-	-214	-428	-642

(a) A negative number for the fiscal balance indicates a decrease to the budget bottom line in accrual terms. A negative number for the underlying cash balance indicates a decrease to the budget bottom line in cash terms. Amounts may not sum due to rounding.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

The PBO has made the following assumptions regarding the raising of funds through three kinds of bonds:

- A total of \$2.04 billion of housing supply bonds would be required to finance the construction of 7,200 homes per annum. This is based on a third of the homes being built from prefabricated material, at \$150,000 each and two thirds being standard housing, at \$350,000 each.
- The AAHFC is assumed to be part of the general government sector.
- The discount rate used to calculate the loan discount for the zero interest social housing growth bonds is 6 per cent. This is an estimate of the market rate for loans to housing associations and is 100 basis points above the rates charged to large businesses as reported in Lawson et al. (2012).
 - The loan discount of the zero interest bonds is based on a maturity of 10 years.
- For the tax smart housing supply bonds, investors in these bonds are assumed to have an average marginal tax rate of 40 per cent. These bonds are assumed to earn 6 per cent per annum on a pre-tax basis, based on the assumptions in Lawson et al. (2012).
- The interest rate on the AAA housing supply bonds is assumed to be equal to the government long term bond rate of 3.75 per cent (RBA, 2013).
- It is assumed that the AAHFC does not charge a margin on the finance provided to community housing organisations.
- The costing assumes that funds are raised by the AAHFC are on-lent during the same periods that the funds are raised.

Methodology

The costing sums the revenue and expenditure impacts associated with each of the initiatives under the proposal.

For the zero interest social housing growth bonds, the expense cost is calculated as the fair value of the interest forgone in providing the bond at a zero interest rate (or the 'loan discount'). This loan discount is calculated as the present value of the forgone interest and is recognised in the fiscal balance at the time of the loan.

In relation to the relation to the AAA housing supply bonds, expenses and revenue are calculated on the basis of the AAHFC issuing bonds and on-lending to non-profit housing organisations. The provision of a government guarantee is a contingent liability that does not impact on the underlying cash or fiscal balances.

For the tax smart housing supply bonds, the cost is the revenue forgone due to the tax exemption in the hands of the investor. The timing of each year's tax revenue implications will occur when income tax returns are lodged, that is, in the next financial year.

The departmental expenses of the AAHFC are capped.

Data sources

- Estimates are mostly based on the information and assumptions provided in Australian Greens, *'Safe as houses' introducing housing supply bonds*, released on 27 July 2013.

POLICY COSTING – ELECTION CARETAKER PERIOD

- Assumptions for the housing supply bonds were based on those contained in Lawson, J. et al. (2012) *Housing Supply Bonds—a suitable instrument to channel investment towards affordable housing in Australia?* AHURI Final Report No. 188. Melbourne: Australian Housing and Urban Research Institute.
- Long term bond rate based on 10 year Australian Government bond rate in Reserve Bank of Australia (2013) 'Statistical Tables: Capital Market Yields – Government Bonds – Monthly', August 2013.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: COMPONENTS OF COSTING

Table A1: Breakdown of underlying cash balance impacts (\$m)^(a)

Component	Cost type	2013-14	2014-15	2015-16	2016-17
Zero interest social housing bonds	Payments	-	-	-	-
	Receipts	-	-	-	-
Tax smart housing supply bonds	Payments	-	-12	-37	-61
	Receipts	-	12	27	41
AAA housing supply bond	Payments	-	-27	-80	-134
	Receipts	-	27	80	134
Departmental	Payments	-	-10	-10	-10
	Receipts	-	-	-	-
Total		-	-10	-20	-30

Table A2: Breakdown of fiscal balance impacts (\$m)^(a)

Component	Cost type	2013-14	2014-15	2015-16	2016-17
Zero interest social housing bonds	Expense	-	-90	-90	-90
	Revenue	-	-	-	-
Tax smart housing supply bonds	Expense	-	-12	-37	-61
	Revenue	-	12	27	41
AAA housing supply bond	Expense	-	-27	-80	-134
	Revenue	-	27	80	134
Departmental	Expense	-	-10	-10	-10
	Revenue	-	-	-	-
Total		-	-100	-110	-120

(a) A positive number for the fiscal balance indicates a net increase in revenue in cash terms. A negative number for the underlying cash balance indicates a net increase in expenses or net capital investment in cash terms.

Note: Amounts may not sum due to rounding. Rounding is to the nearest million.

POLICY COSTING – ELECTION CARETAKER PERIOD

Table A3: Breakdown of headline cash balance impact (\$m)^(b)

Component	Cost type	2013-14	2014-15	2015-16	2016-17
Zero interest social housing bonds	Payments	-	-204	-408	-612
	Receipts	-	-	-	-
Tax smart housing supply bonds	Payments	-	-12	-37	-61
	Receipts	-	12	27	41
AAA housing supply bond	Payments	-	-27	-80	-134
	Receipts	-	27	80	134
Departmental	Payments	-	-10	-10	-10
	Receipts	-	-	-	-
Total		-	-214	-428	-642

(b) A positive number for the headline cash balance indicates a net increase in receipts. A negative number for the headline cash balance indicates a net increase in payments including investment in financial assets for policy purposes.

Note: Amounts may not sum due to rounding. Rounding is to the nearest million.

COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	High Speed Rail (previously <i>Fast-tracking High Speed Rail</i>)
Summary of proposal:	The proposal would implement the preliminary requirement section of the High Speed Rail Study Phase 2 Report ('the report') (outlined in Figure 12.1 on page 500), within the 2013-14 Budget forward estimates period. The proposal will have effect from 1 October 2013
Person/party requesting costing:	Senator Christine Milne, The Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy:	5 August 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$664 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase in expenses.

This costing only addresses the costs associated with implementing the preliminary requirements of High Speed Rail as outlined in Figure 12.1 of the report up until 2021-22 (items 3 - 25).

This costing does not address subsequent phases of the project.

This costing is considered to be of low reliability because of the uncertainty surrounding Commonwealth/State funding arrangements for the project and the final implementation plan. Any changes to implementation timeframes, policy design or funding arrangements have the potential to significantly alter overall costs.

The costing provides for the High Speed Rail Development Authority (HSRDA) to be established within the 2013-14 Budget forward estimates as set out in the accelerated timetable in the report. The PBO has not made any assessment on the feasibility of accelerating certain items in the preliminary requirements of High Speed Rail, including the establishment of the HSRDA within the forward estimates period.

The PBO estimates the Environmental Impact Statement would cost approximately \$570 million and would be conducted in 2018-19 and 2019-20, as outlined in Figure 12.1 on page 500 of the report. This equates to 0.5 per cent of the total capital costs of the High Speed Rail project. While this percentage is on the higher end of international averages, the PBO considers this to be a reasonable estimate due to the size and scope of this project.

POLICY COSTING – ELECTION CARETAKER PERIOD

Table 1: Financial implications (outturn prices)^{(a) (b)}

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-135.0	-149.0	-157.0	-223.0
Fiscal balance (\$m)	-135.0	-149.0	-157.0	-223.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(b) High Speed Rail Development Authority established in the 2016-17 financial year.

Key assumptions

The PBO has made the following assumptions:

- 100 per cent of these costs would be funded by the Commonwealth Government, without any assistance or cost-sharing with State-Governments or private enterprise.

Methodology

This costing draws heavily on the High Speed Rail Study Phase 2 Report. It is the most comprehensive study into the technical, timing and costs aspects of High Speed Rail in Australia, drawing on a wide range of expertise and experience.

Section 4.2 of Appendix 4B of the report outlines the non-construction development costs associated with the development of the high speed rail network proposed in the report. These non-construction development costs have been benchmarked against a selection of European High Speed Rail lines.

The cost of implementing the Preliminary Requirements was derived by multiplying the assumed non-capital development cost (based on a percentage of indicative capital expenditure) for the pre-phase and preliminaries¹ in Table 29 of Appendix 4B of the report (1.7 per cent) by the total capital costs for the entire project (\$114 billion).

This figure (\$1.9 billion) was profiled across 9 years until 2021-22, when the report indicates these preliminary requirements would finish ([Attachment A](#) refers), with the profile across these years reflecting the expected level of activity each year informed by the details in the report and as reflected in Figure 12.1 of the report.

Data sources

- High Speed Rail Study Phase 2 Report.

¹ The pre-phase and preliminaries development costs comprise those costs that are incurred before the detailed planning and design of the HSR network, including the establishment of the HSRDA. Components include legal and political aspects, feasibility studies, environmental impact assessment and other studies, urban development studies, acquisition of property and utilisation rights for property (exclusive of land acquisition costs), land development, consultation, and Insurances and warranties.

ATTACHMENT A: BREAKDOWN OF COSTS

Table A1: Breakdown of costs (outturn prices)^(a) (b) (c)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Pre-phase and Preliminaries	-135.0	-149.0	-157.0	-223.0	-234.0	-286.0	-286.0	-234.0	-234.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(b) High Speed Rail Development Authority established in the 2016-17 financial year

(c) Environmental Impact Statement activity in 2018-19 and 2019-20.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Small business (previously <i>Caring for small business</i>)
Summary of proposal:	<p>The proposal would:</p> <p>Part 1: reduce the company tax rate to 28 per cent for small companies with turnover less than \$2 million,</p> <p>Part 2: increase the instant asset write-off threshold for small business from \$6,500 to \$10,000, and</p> <p>Part 3: establish a stronger and better resourced Small Business Commissioner.</p> <p>The intention of the proposal is to provide better support for Australia's small business owners.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	19 August 2013
Date of public release of policy:	8 August 2013
Additional information requested (including date):	On 19 August 2013 the PBO sought clarification of what franking rate would apply to small businesses under this proposal.
Additional information received (including date):	On 19 August 2013 the Director of Policy indicated that the company tax cut for small business is not intended to alter the rate that small businesses frank their dividends.
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is estimated to decrease both the underlying cash and fiscal balances by \$2.49 billion over the 2013-14 Budget forward estimates period. This impact is largely due to decreased revenue. The impact includes some relatively small departmental and administrative expenses. Detailed financial implications for this proposal are at Table 1 of [Attachment A](#).

This proposal would have an ongoing impact that extends beyond the forward estimates period. Part 1 of the proposal is estimated to cost around \$750 million per annum just beyond the forward estimates period and grow in line with general company tax growth rates from this time. Part 2 of

POLICY COSTING – ELECTION CARETAKER PERIOD

the proposal would have an ongoing cost of approximately \$50 million per annum beyond the forward estimates period. Part 3 would also have an ongoing cost of \$10 million per annum beyond the forward estimates period.

The PBO has estimated departmental expenses associated with part 1 of this proposal to be around \$2.5 million per annum, with total expenditure being \$10 million over 4 years. This estimate is based on the costings of similar proposals that have recently been estimated by the Australian Taxation Office (ATO), such as the *early start to the company tax rate cut for small business companies* measure on page 39 of the *2010-11 Budget Paper No. 2*. Part 3 of this costing includes around \$4.3 million in departmental funding over the 2013-14 forward estimates period. Departmental cost estimates are included at Table 2 of [Attachment A](#).

Part 1 of this costing is considered to be of medium reliability as modelling is based on historical tax data and several assumptions. Possible behavioural responses to the proposal are uncertain. Part 2 of this costing is considered to be of low reliability as it is heavily reliant on assumptions regarding growth in investment by small businesses and the proportion of assets valued between the current threshold and the proposed threshold. Part 3 of this costing is considered to be of high reliability as funding for this part is a capped amount.

The estimated impact for part 1 of this costing differs from those presented in the applicant's costing request because of the use of a more detailed approach to costing the impact of the company rate cut since the previous estimates were provided. For all parts of this costing, base data has been updated to reflect the *2013 Pre-Election Economic and Fiscal Outlook* report parameters.

Table 1: Financial implications of parts 1 to 3 of this proposal (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-52.5	-162.5	-1062.5	-1212.5
Fiscal balance (\$m)	-52.5	-162.5	-1062.5	-1212.5

(a) A negative number for the fiscal balance indicates a decrease in revenue and an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts and an increase in payments in cash terms.

Key assumptions

Assumptions detailed in the costing request:

- All parts of this proposal would apply from 1 July 2014.

The PBO has made the following assumptions regarding part 1 of this costing:

General assumptions

- Superannuation funds and the superannuation business of life insurance companies continue to be taxed at the 15 per cent rate.
- Growth rates are based on company gross operating surplus (GOS), adjusted to take into account the effects of many companies having substituted accounting periods.
- Estimates have been rounded to the nearest \$50 million.

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Behavioural 'bring forward' assumption

- Given the start date of 1 July 2014 and announcement of this proposal during the 2013 election campaign, the PBO considers that there is sufficient time for companies to take steps to change the timing of their deductions and income in the financial year prior to the start date in order to benefit from the changes in the company rate. Having a long lead time increases the likelihood of a behavioural response that would increase the cost of transition to the proposal and decrease revenue.

Impact of the imputation system

- As the cut in the company tax rate under this proposal reduces the company tax rate applicable to small companies, there would be an ongoing impact on the rate at which dividends paid to shareholders of these companies are franked. As requested by the applicant, the following assumption has been adopted in this costing.
 - The rate at which dividends paid to shareholders of small companies are franked remains at 30 per cent in order to simplify the system. Under this assumption, franking credits continue to attach at a rate of 3/7ths of the fully franked cash dividend paid regardless of the change in the company tax rate for small companies.

Timing assumptions

- This costing assumes that the ATO will not vary company instalment calculations in response to the change in company tax rates. Company tax instalment rates are calculated by the ATO based on the amount of tax paid by a company in the previous year and are not based on the statutory company rate. The assumption in relation to instalments mainly impacts on the profile of company tax collections as instalments adjust to the new company rate and does not affect the cost of the proposal once instalments assimilate the new company rate. If the ATO were to vary instalments to take account of the impact of the new company rate, the cost of the proposal would be larger in the first year following the date of effect than in this costing, with this difference expected to be unwound over the next three years.

The PBO has made the following assumptions regarding part 2 of this costing:

- Assets valued between \$6,500 and \$10,000 are currently depreciated using the diminishing value method and are assumed to have an effective life of five years.
- All eligible businesses will opt-in to using the instant asset write-off.
- Companies do not vary their instalment amounts from those specified by the ATO in response to this part of the proposal.

Methodology

Part 1 of this proposal was estimated by calculating company and shareholder tax revenue using the proposed tax structure and various assumptions over the 2013-14 Budget forward estimates period and subtracting the amount of base company and shareholder tax revenue that is expected to be collected over the same period.

For part 2 of this proposal, the PBO estimated the value of small business investment in assets valued between \$6,500 and \$10,000 over the forward estimates period using data from the ATO and the Australian Bureau of Statistics (ABS). The cost of the proposal was estimated by calculating the

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aggregate value of depreciation for assets valued between \$6,500 and \$10,000 under the immediate write-off and subtracting the depreciation value under the base case (using the diminishing value method of depreciation). The resulting cost estimates were then adjusted to reflect the estimated timing of company tax collections.

For part 3, the cost is capped at \$10 million per annum from 2014-15 to establish a stronger and better Small Business Commissioner.

Data sources

- Data sources include ATO tax return data for companies, individuals and the superannuation business of life insurance companies up to the 2009-10 financial year. The data includes entities that are taxed as companies.
- ATO, *Taxation Statistics 2009-10*
- ABS, *5204.0 Australian System of National Accounts*

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED FINANCIAL IMPLICATIONS

This attachment includes detailed financial impacts for each part of the costing.

Costing Part	Revenue	2013-14	2014-15	2015-16	2016-17	Total
1 Reduce the company rate from 30.0 per cent to 28.0 per cent (for companies with turnover less than \$2 million)	<i>Companies</i>	-50	-100	-750	-950	-1,850
	<i>Individuals</i>	-	-	-	-	-
	Total	-50	-100	-750	-950	-1,850
2 Increase the instant asset write-off threshold from \$6,500 to \$10,000.	<i>Companies</i>	-	-50	-300	-250	-600
	Total	-	-50	-300	-250	-600

Note: A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue receipts in cash terms.

Table 2: Expense impacts - fiscal balance and underlying cash basis (\$m)

Costing Part	Expense	2013-14	2014-15	2015-16	2016-17	Total
1 Reduce the company rate from 30.0 per cent to 28.0 per cent (for companies with turnover less than \$2 million) - Departmental expense	<i>Departmental</i>	-2.5	-2.5	-2.5	-2.5	-10.0
	Total	-2.5	-2.5	-2.5	-2.5	-10.0
	3 Small Business Commissioner					
	<i>Expense</i>	-	-10.0	-10.0	-10.0	-30.0
	Total	-	-10.0	-10.0	-10.0	-30.0

Note: A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms. Totals may not add due to rounding.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Junk food advertising and Safer advertising to children (previously <i>Protecting kids from junk food advertising</i>)
Summary of proposal:	<p>The proposal would restrict advertising of junk food to children by:</p> <ul style="list-style-type: none"> • setting enforceable national standard times that would ban junk food ads on commercial television (TV) between 6am and 9am, and 4pm and 9pm on weekdays; between 6am and 12pm and 4pm and 9pm on weekends; and during school holidays, • banning junk food advertising at any time on pay television channels dedicated to children's programming, and • preventing companies sending material promoting unhealthy foods to underage consumers using smartphones and emails. <p>The intent of this policy is to improve the health of children by stopping them being bombarded with advertising for unhealthy food when they watch television.</p> <p>The proposal will have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy	8 August 2013
Additional information requested (including date):	15 August 2013 – Clarification sought as to whether the costs of regulatory development should be included.
Additional information received (including date):	15 August 2013 – Senator Milne's office advised that these costs should be included.
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$1.8 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. Funding for this proposal would be ongoing.

POLICY COSTING – ELECTION CARETAKER PERIOD

Departmental costs of \$1.3 million have been included in this costing for the Australian Communications Media Authority (ACMA) for the additional work that would be involved in receiving, responding to, and investigating complaints regarding licence conditions, program standards and industry codes.

A breakdown of the components of this costing are included at [Attachment A](#).

This costing is considered to be of medium reliability as the estimates are based on a previous measure published in the 2008-09 Budget and staffing costs were costed in line with workforce data from the ACMA 2011-12 Annual Report.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-1.1	-0.4	-0.3
Fiscal balance (\$m)	-	-1.1	-0.4	-0.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms

Key assumptions

The PBO assumes the additional workload for the ACMA would be at its peak in the first year (2014-15) of the policy. Staffing costs for four additional full time equivalent (FTE) positions have been included in that year. This would be reduced by one FTE position per year to reflect both the development of corporate knowledge and best practice, and a gradual reduction in complaints. One FTE position per year would be ongoing from 2017-18 onwards.

In line with additional information provided on 15 August 2013, funding for the Australian National Preventative Health Agency (ANPHA) has been included to develop the definition of 'junk food' for regulatory purposes.

Methodology

The estimate of departmental costs was calculated by distributing the number of FTEs in each year across relevant public service remuneration bands based on the profile of current staff at the ACMA.

The funding for ANPHA has been based on the measure *Health and Hospitals Reform – Preventative Health – National Preventative Health Strategy* from the 2008-09 Budget.

Data sources

- ACMA Annual Report 2011-12.
- Budget Paper No. 2, 2008-09 Budget.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: BREAKDOWN OF COSTS

Table 1: Financial implications (outturn prices)^{(a) (b)}

Impact on	2013-14	2014-15	2015-16	2016-17
ACMA	-	-0.6	-0.4	-0.3
ANPHA	-	-0.5	-	-
Total	-	-1.1	-0.4	-0.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms

(b) There is no difference between underlying cash and fiscal balance.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Research and development (R&D) in agriculture (previously <i>Increasing R&D in agriculture</i>)
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> • increase Commonwealth funding for agricultural research and development by 7 per cent per year • create a new Centre for Sustainable Agriculture, and • fund a national network of 180 agricultural extension officers. <p>This proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	21 August 2013
Date of public release of policy:	8 August 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$360.5 million over the 2013-14 Budget forward estimates period. This impact is entirely due to increased expenses. This proposal would have an ongoing impact that extends beyond the forward estimates period.

The estimates in the costing differ from those presented in the costing request because parameters and data have been updated for the *Pre-Election Economic and Fiscal Outlook* report.

This costing includes the following components:

- increase overall Commonwealth funding by 7 per cent per year, and
- fund an additional 180 agricultural R&D agricultural extension officers.

In addition, the costing includes the estimated cost of an uncapped contribution of 20 cents for each dollar committed by an RDC, consistent with the policy statement *Agricultural R&D Initiative* released on 8 August 2013, and referred to in the costing request.

The financial implications of these components are included at [Attachment A](#).

POLICY COSTING – ELECTION CARETAKER PERIOD

The PBO does not expect departmental expenses associated with this proposal to be significant. The costing assumes departmental expenses are to be accommodated within existing departmental resources except for an amount of administrative expenses associated with providing the extension officer network component of this costing request as detailed at [Attachment A](#).

This costing is considered to be of medium reliability as it is based on several assumptions and aggregate data.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-116.0	-122.0	-122.5
Fiscal balance (\$m)	-	-116.0	-122.0	-122.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms.

Key assumptions

The PBO has made the following assumptions in calculating the estimated impact of this proposal:

- Commonwealth agricultural R&D spending is assumed to grow over the 2013-14 Budget forward estimates period in line with the average historical growth rate observed over the period 2000-01 to 2008-09. This includes the most up to date information from ABS catalogue no. 8112, *Research and Experimental Development*, as the last outcome published is for 2008-09.
- It is assumed that around 55 per cent of RDC contributions would be from private sector agricultural levies, based on a *2009 Evaluation Report* published on the Rural R&D corporation's website (<http://www.ruralrdc.com.au/Page/Home.aspx>).
- Total annual spending by RDCs is assumed to grow in line with the economy over the 2013-14 Budget forward estimates period.

Methodology

The increased funding for Commonwealth agricultural R&D was calculated by estimating the level of agricultural R&D over the 2013-14 forward estimates period including the 7 per cent per annum increased funding and subtracting the amounts that are currently expected to be spent over this period.

The provision of an uncapped contribution of 20 cents for each dollar committed by an RDC that was raised from agricultural levies was costed by multiplying the estimated amount of RDC contributions from levies each year by 20 per cent.

Data sources

- ABS catalogue no. 8112 - Gross expenditure on R&D, by sector-by field of research
- http://www.daff.gov.au/agriculture-food/innovation/research_and_development_corporations_and_companies
- <http://www.ruralrdc.com.au/Page/Home.aspx>

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF THE COSTING

Increasing overall Commonwealth funding for agricultural R&D by 7 per cent per year

This proposal is estimated to have the following financial implications.

Impact on (outturn prices) ^(a)	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-30.0	-30.0	-30.0
Fiscal balance (\$m)	-	-30.0	-30.0	-30.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms. Estimates have been rounded to \$5 million.

Create a new Centre for Sustainable Agriculture as part of the new funding

This proposal is estimated to be revenue neutral over the Budget 2013-14 forward estimates period because the current Commonwealth contribution to RDCs would be redirected to a new Centre for Sustainable Agriculture as outlined in the policy statement Agriculture R&D Initiative released on 8 August 2013.

Providing an uncapped contribution of 20 cents for each dollar committed by a RDC

This proposal is estimated to have the following financial implications.

Impact on (outturn prices) ^(a)	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-60.0	-65.0	-65.0
Fiscal balance (\$m)	-	-60.0	-65.0	-65.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms. Estimates have been rounded to \$5 million.

Funding an additional 180 agricultural extension officers

The PBO assumes that the 180 practitioners would be full-time equivalent employees which would cost around \$24.0 million in 2014-15, \$25.0 million in 2015-16 and \$25.5 million in 2016-17. Administrative costs of \$2 million per annum were included from 2014-15 to provide for the cost of the extension officer network.

Impact on (outturn prices) ^(a)	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-26.0	-27.0	-27.5
Fiscal balance (\$m)	-	-26.0	-27.0	-27.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms. Estimates have been rounded to \$0.5 million.



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COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Denticare
Summary of proposal:	<p>The proposal would, in a staged approach, introduce a dental benefits schedule, accessible to all Australians covering up to \$1,000 over two years for routine and therapeutically necessary dental care. It would absorb the Child Dental Benefits scheme which provides basic dental care for children aged 2-17 in families receiving Family Tax Benefit Part A.</p> <p>The first year would provide subsidies for dental care to 18 year olds, all recipients of the aged pension and other individuals receiving full benefit income support payments. In the second year, 19 year olds and all concession card holders would also be eligible, with 20 year olds and children not eligible for the Child Dental Benefits scheme covered in the third year. In the fourth year, subsidies for routine dental care would become universally available to all Australians.</p> <p>The proposal will have effect from 1 January 2015, with coverage for all Australians from 1 January 2018.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	19 August 2013
Date of public release of policy	13 August 2013
Additional information requested (including date):	Clarification was sought from Senator Christine Milne's office on 16 August 2013 as to what indexation would be applied to the capped benefits, arrangements for providing benefits for therapeutically necessary dental care, and the profiling of the incremental offsetting savings.
Additional information received	On 16 August Senator Christine Milne's office provided advice that the capped benefits would be indexed by CPI, and confirmed the arrangements for providing benefits for therapeutically necessary dental care and the profiling of the incremental offsetting savings, as outlined in the key assumptions below.

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Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) • Department of Health and Ageing • Department of Human Services • Department of Education, Employment and Workplace Relations
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Costing overview

This proposal is expected to decrease the underlying cash balance by \$4.7 billion and decrease the fiscal balance by \$4.9 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses over this period.

This proposal will have a financial impact that grows significantly beyond the forward estimates period as the proposal is phased in. In the first full financial year of the universal dental scheme in 2018-19, the proposal is expected to decrease the fiscal balance by \$8.5 billion, with the proposal having a growing impact beyond that year that is in line with the annual increases in cost driven by population growth, demographic changes and growth in fees for dental services. These estimates exclude the costs of children covered under the Child Dental Benefits scheme as these estimates are already factored into the budget bottom line.

Departmental expenses are expected to be approximately \$250 million over the forward estimates period and have been included in the costing. It is anticipated that some costs will be incurred prior to the start date of 1 January 2015 as system upgrades will be required and individual eligibility will need to be determined.

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to claims processing lags which see a proportion of Medicare claims processed in different years to which the service is provided and the expense recorded.

A detailed breakdown of the administered, departmental and offset components of the costing is included at [Attachment A](#).

This costing is considered to be of medium reliability. This is due to a large number of assumptions and the limited availability of current data on dental attendance and service patterns. In particular the estimates in this costing will be affected by changes in major variables including the expected take up rate and growth in the number of dental services provided at each visit.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-14.8	-769.0	-1,754.3	-2,195.4
Fiscal balance (\$m)	-14.8	-794.6	-1,847.4	-2,249.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

The costing request specified that the \$1,000 cap over two years (indexed by CPI) could only be used for routine dental care services. The PBO costing has assumed that the routine services outlined in Attachment B are covered. This list is based on 20 common dental services (excluding crowns) provided by the Australian Dental Association as published by the Private Health Insurance Ombudsman (see data sources).

In line with additional information provided 16 August, once the scheme is fully implemented from 1 January 2018 a treating dentist would have the option of seeking authorization to access an additional benefit of up to \$2,000 over a 24 month period to treat patients with complex needs that make a crown or bridge therapeutically necessary.

Also in line with additional information provided on 16 August, the profile of offsetting savings from the National Partnership with the states and territories to expand public dental services for low income earners would match the coverage profile under Denticare. Accordingly once low income earners were fully covered under the Denticare scheme the National Partnership would be ceased and used as an offsetting saving for Denticare (see Table A3 of Attachment A).

The PBO has also made the following assumptions:

- The ABS Population Forecast Series B is the most appropriate estimate of the future population for the purpose of this costing
- All individuals who choose to visit a dentist will be able to see a dentist, and there is no restriction on how many dentists a patient can visit for treatment services
- New dental items covered under Denticare are excluded from the Medicare safety nets
- Children will first attend a dentist when they are two years old consistent with the current eligibility of the Child Dental Benefits scheme (announced in the 2012-13 MYEFO), and
- The costs of the Child Dental Benefits scheme are currently factored into the budget bottom line and reflect the coverage of the same dental services assumed to be covered under Denticare. Therefore, the costing assumes there will be no additional costs for children covered under the existing scheme

Following discussion with Department of Human Services the PBO has assumed:

- the recipient eligibility will be assessed at a point in time prior to the beginning of each phase in period. Once eligible, individuals will not have their eligibility reassessed prior to the scheme becoming universal, and
- one letter will be sent to each individual in their first year of eligibility advising them that they are eligible for the scheme.

The PBO has used the following behavioural assumptions:

- The base proportion of individuals who attend the dentist is 64 per cent, as is reported by the Australian Institute of Health and Welfare (AIHW).
- In line with the 2008 PricewaterhouseCoopers report National Health and Hospital Reform Commission: Costing a Social Insurance Scheme for Dental Care (PWC Report), growth in the proportion of people visiting the dentist following the implementation of Denticare is estimated to be a flat increase of 11.5 per cent. That is, once Denticare is fully implemented, 71.5 per cent of the population are expected to access the scheme.

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- The PBO assumes the number and type of dental services provided at each visit will be unchanged.
- On average each person who accesses the scheme will attend the dentist 2.34 times a year, which is the current estimated average for persons who visit the dentist, as reported in the Oral health and dental care in Australia report by the AIHW.
- The average cost of attending a dentist 2.34 times a year in 2015 is estimated to be \$485.42. See Methodology for further information.
- Dental service fees will continue to increase each year in line with the growth observed between 2010 and 2011.

Methodology

The administered estimates in the costing were derived by taking the number of persons eligible in each year and multiplying this by the proportion expected to access the scheme. This number was then multiplied by the average cost over a 12 month period of dental services. These components were derived using the following methodology.

Recipient numbers

- The number of full benefit income support recipients has been based on information provided by the Department of Families, Housing, Community Services and Indigenous Affairs and the Department of Education, Employment and Workplace Relations.
- The number of concession card holders was derived by taking the number of individuals receiving an income support payment plus data available on Commonwealth Senior Health Card holders and bereavement allowance recipients.
- The number of children (2-17 year olds) was adjusted for the estimated number already eligible for dental care under the existing scheme.

Average cost

The average cost was calculated by multiplying the following factors together:

- Average number of diagnostic, restorative, preventative and extraction services per visit by age group as detailed in Practice activity patterns of dentists in Australia, AIHW 2006.
- National average dental charges in 2011 for services in each category as published by the Private Health Insurance Ombudsman, indexed by the growth rate of 2011 prices.
- Average number of visits in a twelve month period as reported in Oral health and dental care in Australia, AIHW, 2011.

Benefits for therapeutically necessary services

To determine the cost of an additional benefit of up to \$2,000 over a 24 month period for dentists providing therapeutically necessary crown or bridge services, recipient numbers were determined by data from AIHW 2004-05 percentage of chronic conditions reported by age group and the average cost was based on the average benefits paid under the former Chronic Dental Disease scheme. This cost only has an impact beyond the forward estimates given it does not take effect until full implementation of the scheme from 1 January 2018.

POLICY COSTING – ELECTION CARETAKER PERIOD

Departmental costs

The departmental estimates in this costing were derived using information provided by the Department of Human Services. The majority of the costs were modelled on the proportion of departmental to administered costs for the Child Dental Benefits scheme. The costing has included higher funding for ICT purposes due to significant work that would need to be undertaken to ensure systems could cope with the higher numbers of transactions.

Data sources

The following data sources, in addition to information provided by agencies listed previously, were used in developing this costing:

- Australian Bureau of Statistics
 - Table B9. Population projections, By age and sex, Australia - Series B
- Australian Institute of Health and Welfare
 - Practice activity patterns of dentists in Australia, 2006
 - Oral health and dental care in Australia, 2011
 - Age and the costs of dental care, 2010
 - Proportion (%) of chronic conditions reported, by age group, 2004-05
- PricewaterhouseCoopers
 - National Health and Hospital Reform Commission: Costing a Social Insurance Scheme for Dental Care, 2008
- Private Health Insurance Ombudsman
 - Average Dental Charges 2011 - <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/averagedental.htm>
 - Average Dental Charges 2010 - <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/averagedental2010.htm>

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF COSTS

The following tables provide a breakdown of administered and departmental costs for each of the phase in years and the first full financial year of the universal scheme.

Table A1: Administered Expenses – financial implications (outturn prices)^(b)

Impact on	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Underlying cash balance (\$m)	-	-865.9	-1,970.9	-2,499.4	-5,253.9	-8,205.9
Fiscal balance (\$m)	-	-891.5	-2,064.0	-2,553.1	-5,517.4	-8,427.0

(b) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Table A2: Departmental Expenses – financial implications (outturn prices)^(c)

Impact on	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Underlying cash balance (\$m)	-14.8	-68.7	-79.2	-86.8	-97.5	-102.4
Fiscal balance (\$m)	-14.8	-68.7	-79.2	-86.8	-97.5	-102.4

(c) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

As part of the Dental Package announced by the Government in the 2012-13 MYEFO, a National Partnership for adult public dental services was announced. As per the costing request, this proposal would replace this decision achieving savings of approximately \$1.3 billion to 2017-18 as detailed in Table A3.

Table A3: Savings from National Partnership for adult public dental services – financial implications (outturn prices)^(d)

Impact on	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Underlying cash balance (\$m)	-	165.6	295.8	390.8	390.8	-
Fiscal balance (\$m)	-	165.6	295.8	390.8	390.8	-

(d) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

Table A4: Total cost – financial implications (outturn prices)^{(e)(f)}

Impact on	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Underlying cash balance (\$m)	-14.8	-769.0	-1,754.3	-2,195.4	-4,960.6	-8,308.4
Fiscal balance (\$m)	-14.8	-794.6	-1,847.4	-2,249.2	-5,224.1	-8,529.4

(e) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(f) Equals the sum of the estimates in Table A1, Table A2 and Table A3.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT B: DENTAL SERVICES COVERED

Table B1 shows the dental services included as ‘basic and routine’ for the purposes of this costing.

Table B1: Dental services considered to be basic and routine^(g)

Description	Category
Comprehensive oral examination	Diagnostic
Periodic oral examination	
Oral examination – limited	
Consultation	
Intraoral periapical or bitewing radiograph - per exposure	
Diagnostic model – per model	
Removal of plaque and/or stain.	Preventative
Removal of calculus - first visit	
Topical application of remineralising and/or cariostatic agents, one treatment	
Fissure sealing - per tooth	
Removal of a tooth or part(s) thereof	Extraction
Adhesive restoration – one surface – anterior tooth – direct	Restorative
Adhesive restoration – two surfaces – anterior tooth – direct	
Adhesive restoration – three surfaces – anterior tooth – direct	
Adhesive restoration – one surface – posterior tooth – direct	
Adhesive restoration – two surfaces – posterior tooth – direct	
Adhesive restoration – three surfaces – posterior tooth – direct	
Adhesive restoration – four surfaces – posterior tooth – direct	
Pin retention – per pin	
Cusp capping – per cusp	

(g) Based on 20 common dental services (excluding crowns) provided by the Australian Dental Association as published by the Private Health Insurance Ombudsman <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/averagedental.htm>



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Abolish coal-fired power stations compensation (previously <i>Ending compensation to coal-fired power stations</i>)
Summary of proposal:	The proposal would abolish the provision of free carbon permits to emissions intensive coal-fired electricity generators under the Energy Security Fund (ESF). The proposal would have effect from 1 October 2013.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	20 August 2013
Date costing completed:	1 September 2013
Date of public release of policy:	26 September 2012
Additional information requested:	On 21 August the PBO asked the Office of Senator Milne whether free ESF permits for 2013-14 that were scheduled to be issued on 1 September 2013 (in the caretaker period) should be covered by this costing.
Additional information received:	On 31 August the Office of Senator Milne confirmed that the costing should be undertaken on the basis of a start date of 1 October 2013 and that the ESF permits issued on 1 September 2013 should not be covered by this proposal.
Agencies from which information was obtained:	The Treasury

Costing overview

This proposal is expected to increase the underlying cash balance by \$625 million and increase the fiscal balance by \$515 million over the 2013-14 Budget forward estimates period.

The underlying cash impact reflects an increase in receipts from sales of carbon permits over this period. The fiscal balance impact reflects a decrease in expenditure on free permits in 2014-15.

The underlying cash balance impact of this proposal differs to the fiscal balance impact because of the timing associated with cash receipts from the sale of permits. Revenue from permit sales is recognised on a fiscal balance basis in the vintage year of the permit that is sold. On an underlying cash balance basis, permit revenue is recognised when cash is received. Permit auctions for 2014-15 permits are scheduled to occur in 2013-14, 2014-15 and 2015-16.

This proposal would have no impacts beyond the forward estimates period as no free permits are issued under the ESF after 2014-15.

POLICY COSTING – ELECTION CARETAKER PERIOD

Departmental savings from cancelling free permits for emissions intensive coal-fired electricity generators are expected to be minimal as other free permits will continue to be administered under the Jobs and Competitiveness Program. For this reason, departmental savings have not been included in this costing.

This costing is considered to be of medium reliability as it is dependent on future market carbon prices.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	415	210	-
Fiscal balance (\$m)	-	515	-	-

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms.

Key assumptions

Assumptions outlined in the costing request:

- The proposal would have effect from 1 October 2013.

Assumptions made by the PBO:

- The total emission cap under the floating price arrangements in 2014-15 is assumed to be unaffected by this proposal. As a result, an equivalent number of permits that would have been provided free under the ESF would be sold at auctions in 2014-15 and in 2015-16 in order to meet the emissions cap for 2014-15.
- The carbon prices used to undertake this costing are the same as in the Pre-election Economic and Fiscal Outlook (PEFO) (\$6.20 in 2014-15 and \$12.50 in 2015-16). PEFO notes that “the carbon price path to 2020 is subject to considerable uncertainty.” PEFO also states that these estimates reflect:
 - In the forecast year of 2014-15, a three-month average of futures market prices; and
 - In the projection year of 2015-16 a linear transition from the market price in 2014-15 to the longer-term modelled price of \$38 in 2019-20 from the *Strong Growth, Low Pollution* report.
 - As noted in PEFO “the carbon price path to 2020 is subject to considerable uncertainty”.

Methodology

This costing has been estimated by calculating the impact of not providing the free permits under the ESF for 2014-15, and instead selling an equivalent number of permits at permit auctions in 2014-15 and 2015-16.

All figures in this costing have been rounded to the nearest \$5 million.

Data sources

Information on the amount of expenditure on free permits the Energy Security Fund was obtained from the Treasury.



Parliament of Australia
Parliamentary Budget Office

COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Banning semi-automatic firearms (previously <i>Semi-automatic handguns ban and buyback scheme</i>)
Summary of proposal:	<p>The proposal would ban the importation, ownership, possession and use of semi-automatic handguns with exemptions for government owned guns. The proposal would also create a 12 month amnesty and compensation scheme, commencing 1 July 2014, for newly prohibited handguns. Already prohibited firearms would also be able to be surrendered during this period, but would not be eligible for compensation.</p> <p>These policies would be supported by a national public education campaign and the compensation of firearms dealers for the loss of business of the newly prohibited firearms.</p> <p>The proposal would have effect from 1 January 2014 to allow for preliminary work to be done prior to the ban and amnesty period beginning on 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	20 August 2013
Date costing completed:	26 August 2013
Date of public release of policy	14 August 2013
Agencies from which information was obtained:	CrimTrac

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$412.0 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase in expenses. While the ban on semi-automatic handguns would be ongoing, funding for this program would terminate by 30 June 2016.

Departmental costs of \$3.0 million over the forward estimates have been included in this costing and would fund nine Full Time Equivalent (FTE) positions in 2013-14 and 2014-15, reducing to six FTE positions in 2015-16.

The financial impact of this proposal includes a number of components and a detailed breakdown of the costing has been included at [Attachment A](#).

This costing is considered to be of medium reliability as assumptions have been made regarding the compensation to firearm owners and dealers and the number of weapons surrendered.

POLICY COSTING – ELECTION CARETAKER PERIOD

The estimates in this costing differ from those presented in the applicant’s costing request because the PBO revised their methodology since the original costing.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-2.3	-395.6	-14.1	-
Fiscal balance (\$m)	-2.3	-395.6	-14.1	-

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

The PBO has made the following assumptions:

- Based on the ratio of registered semi-automatic handguns to illegal semi-automatic handguns, 95 per cent of all handguns would be surrendered.
- The average cost of a handgun is approximately \$1,400 in 2014-15 dollars. This is based on a sample of prices for semi-automatic handguns from online retailers.
- Compensation to business and funding for the public education campaign would be in line with that provided for similar activities during the 1996-97 buyback, adjusted for inflation. This would include loss of future business and costs of cancelling current purchase contracts.
- Nine FTE positions would be required in both 2013-14 and 2014-15 for policy and legislative development and Commonwealth implementation during the year of the buyback. After the completion of the buyback this would reduce to six FTE positions in 2015-16 to manage the continuing work associated with the buyback and the finalisation of the program. This is broadly in line with the funding provided to the Attorney-General’s Department in the year prior to the 2003-04 Handgun Buyback Scheme adjusted for inflation.
- Based on the quantum of firearms estimated to be surrendered, and that the amnesty would also apply to firearms already outlawed, the cost of funding the administration of the buyback by the states and territories would be 50 per cent of similar costs from the 1996-97 buyback, adjusted for inflation.

Methodology

The number of semi-automatic handguns was estimated by adding data provided by CrimTrac on the number of registered firearms (approximately 200,000) with research in the public domain on the number of illegal handguns (approximately 10,000). This excludes firearms registered to law enforcement agencies.

The data on the number of registered firearms was provided by CrimTrac with the following caveats:

- This information was drawn from the National Firearm and Licensing Registration System (NFLRS) on 21 August 2013. The NFLRS is a point in time reference system that relies on up-to-date data from each of the state and territorial jurisdictions in Australia. It is not a comprehensive firearm record management system and does not hold historical data.
- The criteria used to inform this data varies between jurisdictions.

POLICY COSTING – ELECTION CARETAKER PERIOD

The total cost of this proposal (see breakdown of costs at [Attachment A](#)) was calculated by adding the following cost components:

- the cost of compensation to gun owners was derived by multiplying the average price of a handgun by the total number of guns assumed to be surrendered
- compensation to businesses was derived through extrapolating interim data from the 1996-97 buyback and analysing it in conjunction with other data from the 1996-97 buyback and then indexing those amounts
- costs for the public education campaign and state and territory implementation, were derived by indexing the amounts allocated for similar functions during the 1996-97 Gun Buyback Scheme, and
- Departmental costs were derived by multiplying the number of staff by average salary levels, accounting for differences in staff levels, inflation, the efficiency dividend and a part year effect in the first year.

Data sources

Australian National Audit Office, *The Gun Buy-Back Scheme*, December 1997, http://www.anao.gov.au/uploads/documents/1997-98_Audit_Report_25.pdf

Budget Paper No. 2, 2003-04 Budget, <http://www.budget.gov.au/2003-04/bp2/download/expense.pdf>

Samantha Bricknell, 2008. Criminal use of handguns in Australia. Trends and Issues in Crime and Criminal Justice, no. 361. Canberra: Australian Institute of Criminology, <http://www.aic.gov.au/publications/current%20series/tandi/361-380/tandi361.html>

Illicit Firearms Factsheet, Australian Crime Commission, 2013, <http://www.crimecommission.gov.au/publications/crime-profile-series/illicit-firearms>

Simon Chapman, 1998, *Over Our Dead Bodies: Port Arthur and Australia's Fight for Gun Control*.

Questions on Notice, National Gun Buyback Scheme, Question No. 2343, Saturday 6 December 1997, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=\(Dataset%3Awebblastweek_hansardr.noticer.webthisweek.dailyvotes.journals.orderofbusiness.hansards.notices.websds\)%20ParliamentNumber%3A%2238%22%20Responder_Phrase%3A%22mr%20williams%22;rec=0](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=(Dataset%3Awebblastweek_hansardr.noticer.webthisweek.dailyvotes.journals.orderofbusiness.hansards.notices.websds)%20ParliamentNumber%3A%2238%22%20Responder_Phrase%3A%22mr%20williams%22;rec=0)

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: BREAKDOWN OF COSTS

Table A1: Financial implications (outturn prices)^(a)

Impact on underlying cash and fiscal balance	2013-14	2014-15	2015-16	2016-17
Policy Development and Commonwealth Implementation	-0.7	-1.4	-0.8	-
Public Education Campaign	-1.6	-3.2	-1.6	-
State and Territory Implementation	-	-34.0	-11.6	-
Compensation to Gun Owners	-	-284.6	-	-
Compensation to Businesses	-	-72.4	-	-
Total	-2.3	-395.6	-14.1	-

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Nuclear veterans (previously <i>Gold Card for nuclear veterans</i>)
Summary of proposal:	The proposal would expand eligibility to the veterans' Gold Card to include all defence personal participants in the British Nuclear Testing (BNT) in Australia. The proposal will have effect from 1 July 2014.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	20 August 2013
Date costing completed:	23 August 2013
Date of public release of policy	10 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Veterans Affairs (DVA) • Department of Finance and Deregulation (Finance)

Costing overview

This proposal is expected to decrease the underlying cash balance by \$82.6 million and the fiscal balance by \$85.2 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. This proposal would have an ongoing effect beyond the forward estimates period.

Departmental costs of \$0.4 million over the forward estimates have been included in this costing for administration of this policy.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of a claims processing lag.

This costing is considered to be of high reliability because it is based on data provided by Finance and DVA.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-26.8	-28.2	-27.5
Fiscal balance (\$m)	-	-29.6	-28.1	-27.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

As per advice provided by the DVA:

- the population eligible for the expanded eligibility to the Gold Card will be approximately 1,500 on 1 July 2014 declining to approximately 1,300 by 1 July 2016
- the cost per Gold Card would be \$22,800 in 2014-15 rising to \$25,000 by 2016-17, and
- the claims processing lag, which accounts for the difference between underlying cash and fiscal balance, is 9.52%.

Based on information previously provided by Finance, the PBO has assumed that the offsets for the Pharmaceutical and Medicare Benefits Schemes would be approximately \$3,500 per person in 2014-15 growing to approximately \$4,000 per person in 2016-17.

Methodology

The administered cost in each year was derived by multiplying the net cost per Gold Card (difference between Gold Card costs and Pharmaceutical and Medicare Benefits Schemes offsets) by the eligible population with the application of the claims processing lag to differentiate between underlying cash and fiscal balance. Departmental costs were then added to the administered total to arrive at the total impact.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Access to Justice
Summary of proposal:	<p>The proposal would enhance access to justice by:</p> <ul style="list-style-type: none"> • increasing legal aid funding by 50 per cent • doubling funding to community legal centres • doubling funding for Indigenous family violence prevention legal services • increasing funding to Indigenous legal assistance services, including Aboriginal and Torres Strait Islander Legal Services by 50 per cent • addressing the impact of rising court fees by returning court fees to 2010-11 levels • amending the application form for exemptions from court fees to remove ambiguity, and • introducing a fee exemption category for clients who are being represented on a pro bono basis. <p>The intention of the proposal is to enhance access to legal assistance.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	4 September 2013
Date of public release of policy:	15 August 2013
Additional information requested (including date):	On 2 September 2013, clarification was sought on the duration of each element of the proposal.
Additional information received (including date):	On 3 September 2013, Senator Milne's Office advised that all elements of the proposal would be ongoing.
Agencies from which information was obtained:	Attorney-General's Department (AGD)

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$866.5 million over the 2013-14 Budget forward estimates period. This impact is due to an increase in expenses associated with increasing funding for legal aid and legal assistance services and a reduction in revenue as a result of reducing federal court fees.

This proposal will have an ongoing impact beyond the forward estimates in the order of the amount reflected in 2016-17 with indexation.

The amendment to the fee exemption application form is not expected to have a financial impact as the PBO considers this activity to be a core departmental function. Additionally, the introduction of a fee exemption category for clients who are being represented on a pro bono basis is expected to have a negligible financial impact and is not included in this costing as most recipients of pro bono assistance currently qualify for fee exemptions under the financial hardship test (see [Data sources](#)).

No departmental funding has been included for elements of this costing related to increasing funding for legal aid and legal assistance services. The PBO considers that there will be minimal additional workload from providing increased funding to the same number of recipients. In addition, measures in the 2013-14 Budget which increased funding for legal assistance services provided no additional departmental funding to AGD.

A breakdown of the impact on each element of the proposal is included at [Attachment A](#).

This costing is considered to be of medium to high reliability because a large proportion of the proposal is based on capped funding increases to existing programs.

The estimates in this costing differ marginally from those presented in the costing request because current funding for the relevant programs have been updated for the 2013 Pre-election Economic and Fiscal Outlook (PEFO).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-284.7	-288.6	-293.1
Fiscal balance (\$m)	-	-284.7	-288.6	-293.1

(a) A negative number for the fiscal balance indicates an increase in expenses and a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses and a decrease in revenue in cash terms.

Key assumptions

The PBO has assumed that, based on an examination of court workload statistics, federal court revenue has increased since 2010-11 predominately as a result of measures to increase fees in the 2010-11 Budget, 2012-13 Budget and 2012-13 MYEFO. Therefore, reversing these measures is a reasonable estimate of the reduction in fee revenue as a result of the proposal.

POLICY COSTING – ELECTION CARETAKER PERIOD

Methodology

The costing is calculated by adding the following two components:

Increasing funding

As per the costing request, 2014-15 estimates as at the 2013 PEFO for the relevant programs are doubled or increased by 50 per cent. This amount is then indexed to determine the cost estimates in 2015-16 and 2016-17. A breakdown of the financial implications is included at Table A1 of [Attachment A](#).

Reducing federal court fees

The cost of reinstating federal court fees to 2010-11 levels is derived by adding the financial impacts of reversing the related court fee-increase components of the 2010-11 Budget, 2012-13 Budget and 2012-13 MYEFO measures (see [Data sources](#)). This cost is partially offset by a small reduction in departmental funding provided to various agencies to administer the past increases to federal court fees.

Financial implications in the 2013-14 Budget forward estimates period for these measures were calculated by applying a compound annual growth rate, derived from the measures' profiles. A breakdown of the financial implications is included at Table A2 of [Attachment A](#).

Data sources

2013 PEFO estimates for the relevant programs were obtained from AGD

2010-11 Budget Paper No.2 measure: *Improving Access to Justice* (page 103)

2012-13 Budget Paper No.2 measure: *Court fee increases* (page 10)

2012-13 MYEFO measure: *Courts - additional funding and changes in fees* (page 198)

Senate Inquiry: Impact of federal court fee increases since 2010 on access to justice in Australia, June 2013:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=legcon_ctte/court_fees/report/index.htm

National Pro Bono Resource Centre: National Law Firm Pro Bono Survey Final Report, January 2013:

https://wic041u.server-secure.com/vs155205_secure/CMS/files_cms/National%20Law%20Firm%20Pro%20Bono%20Survey%202012%20-%20Final%20Report.pdf

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF COSTING

Increasing funding

Table A1: Financial implications (outturn prices)^(a)

Underlying cash and fiscal balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Increasing legal aid funding by 50 per cent	-	-111.4	-113.2	-115.3
Doubling funding to community legal centres	-	-46.3	-47.0	-47.9
Doubling funding for Indigenous family violence prevention legal services	-	-21.3	-21.7	-22.1
Increasing funding to Indigenous legal assistance services	-	-59.9	-60.8	-61.9
Total impact	-	-238.9	-242.7	-247.1

(a) A negative number indicates an increase in expenses in both accrual and cash terms. Amounts may not sum due to rounding.

Reducing federal court fees to 2010-11 levels

Table A2: Financial implications (outturn prices)^(a)

Underlying cash and fiscal balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
2010-11 Budget measure: <i>Improving Access to Justice</i>				
Revenue	-	-16.8	-16.9	-17.0
2012-13 Budget measure: <i>Court fee increases</i>				
Revenue	-	-22.0	-22.0	-22.0
Expense	-	0.9	0.9	0.9
2012-13 MYEFO measure: <i>Courts - additional funding and changes in fees</i>				
Revenue	-	-7.9	-7.9	-7.9
Total impact	-	-45.8	-45.9	-46.0

(a) A negative number indicates decrease in revenue in both accrual and cash terms. A positive number indicates a decrease in expenses in both accrual and cash terms.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Gambling in sport (previously <i>Protect the integrity of sport</i>)
Summary of proposal:	<p>The proposal would limit the exposure of children to sports gambling by:</p> <ul style="list-style-type: none"> • banning televised gambling advertisements before 9pm, including during sports broadcasts • banning the advertisement of live odds at any time • prohibiting the integration and promotion of betting companies into sports programs, and • prohibiting betting companies from sponsoring sporting teams. <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	1 September 2013
Date of public release of policy:	17 August 2013

Costing overview

This proposal is not expected to affect either the underlying cash balance or fiscal balance over the 2013-14 Budget forward estimates.

The PBO has not included any additional departmental funding for potential amendments to legislation, such as the *Broadcasting Services Act 1992* (the Act), as the cost for such activities would already be included in the departmental estimates for the Department of Broadband, Communication, and the Digital Economy who has responsibility for administering the Act.

The PBO has also not included any additional departmental funding for the Australian Communications and Media Authority to monitor the changes, as the agency is already funded to ensure that Australia's media and communications legislation operates effectively and efficiently.

This costing is considered to be of high reliability as the relevant tasks associated with this proposal are considered to be core departmental functions of the affected agencies.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	-	-	-



Parliament of Australia
Parliamentary Budget Office

COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Hearing health
Summary of proposal:	<p>The proposal would fund a suite of policies to improve hearing health. These initiatives are:</p> <ul style="list-style-type: none"> • extending the eligibility for the Australian Government Hearing Services Program (AGHSP) to all Australians subject to a means test and to those who do not meet the means test on a fee-for-service basis • a national database to track children with a hearing impairment • early evidence-based language and communication intervention for all children with hearing impairment prior to them starting school • sound field systems for new classrooms, and in all existing classrooms where there is a significant population of Aboriginal and Torres Strait Islander children • an exemplar multidisciplinary project to address the incidence of otitis media in Aboriginal and Torres Strait Islander (ATSI) communities • the Council of Australian Governments (COAG) to prioritise hearing screenings and follow-up for all Aboriginal and Torres Strait Islander children from remote communities on commencement of school, and • a \$30 million fund (over three years) for induction programs for teachers posted to schools in ATSI communities. <p>The package would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	3 September 2013
Date of public release of policy:	26 August 2013

POLICY COSTING – ELECTION CARETAKER PERIOD

Additional information requested:	<p>On the 29 August 2013, the PBO asked Senator Milne’s Office to specify for each component of the proposal:</p> <ul style="list-style-type: none"> • whether funding is demand driven or capped • where not already stated, the profile of funding for those capped components, and • whether any departmental costs are expected to be accommodated within the capped funding components.
Additional information received:	<p>On the 30 August 2013, Senator Milne’s Office provided the following information in response to the PBO’s questions.</p> <p>Each component of the proposal is capped with the exception of the extension of the AGHSP, which it is expected would operate as a demand driven program. The capped amounts for the remaining components are as follows:</p> <ul style="list-style-type: none"> • national database - \$2 million (one-off) • early evidence-based language and communication intervention - \$15 million per annum • sound field systems - \$4 million per annum • multidisciplinary project to address otitis-media - \$2.5 per annum over two years from 2014-15, and • COAG action – would be a call on states through COAG with no cost to the Commonwealth. <p>The request intended that departmental expenses would be included for the extension of the AGHSP and sound field Systems components of the package. For all other components of the proposal, departmental expenses are to be taken from within the capped funding amount for each year.</p> <p>In addition, the Office specified that:</p> <ul style="list-style-type: none"> • optional access to the AGHSP for clients not meeting the means test, would come at no cost to the Commonwealth because it would be implemented on a fee-for-service basis, and • the means test would be the same as ‘low income earner’ eligibility for a Health Care Card.
Agencies from which information was obtained:	Not applicable

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

The package of proposals is expected to decrease both the underlying cash and fiscal balances by \$368.2 million over the 2013-14 Budget forward estimates period. This includes departmental costs of \$6.0 million over the same period. This impact is entirely due to an increase in expenses.

The proposal would also have an ongoing impact that extends beyond the forward estimates period.

Apart from the capped components, the costing is considered to be of low reliability due to limited information around the projected need and take-up of hearing services by low-income earners.

The estimates in this costing differ from the expected financial impacts attributed to the package in the costing request, which reflect the impact of the extension of eligibility for the AGHSP only (see Table A1 at [Attachment A](#)).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-124.7	-123.3	-120.2
Fiscal balance (\$m)	-	-124.7	-123.3	-120.2

(a) A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.

A breakdown of the impact on each component of the proposal is included at [Attachment A](#).

Key assumptions

With respect to the extension of the AGHSP, which would be demand driven, the PBO has made the following assumptions:

- population estimates for the years 2014-15 to 2016-17 are in line with Australian Bureau of Statistics projections (ABS 1301.0 (2012) Series B)
- around 10 per cent of the population have a hearing impairment in any given year, based on analysis of the Australian Health Survey for the years 2001 to 2012
- around 8 per cent of the population in any given year would meet the means test for a Health Care Card, based on data from the Department of Human Services (2012) and the Public Health Information Development Unit (2009, 2011)
- a 100 per cent take-up rate is assumed for those eligible for support under the new program
- the average cost per client is estimated at \$681 for the period 2014-15 to 2016-17, calculated as current administered funding (net of research grants) divided by the current number of clients receiving a hearing service under the AGHSP, and
- departmental costs are based on a ratio of departmental to administered expenses of 2.2 per cent on average for the period 2014-15 to 2016-17. This was modelled on Department of Health and Ageing forecast estimates for the AGHSP.

POLICY COSTING – ELECTION CARETAKER PERIOD

In addition, as per the information provided by the requestor on 30 August 2013:

- optional access to the program for clients not meeting the means test would come at no cost to the Commonwealth as it would be implemented on a fee-for-service basis, and
- the means test would be the same as 'low income earner' eligibility for a Health Care Card.

Methodology

Capped funding components

With respect to the costing of the capped components of the package, the methodology was a straightforward one of summing up the capped administered funding components.

Demand-driven funding components

To cost the extension of the AGHSP, the PBO undertook the following steps:

- to calculate the number of people with a hearing impairment in any given year, the projected population was multiplied by the estimated percentage of the population with a hearing impairment
- the projected number of clients that are eligible under the current program was then subtracted from the projected number of people with a hearing impairment to calculate the number of people with a hearing impairment currently ineligible for services under the current program
- the number of newly eligible clients under the proposal was calculated by applying the "low income" test. That is, by multiplying the number of people with a hearing impairment excluded under the current program by the estimated percentage of the population that would meet the means test as applied under the Health Care Card, and
- finally, to calculate total administered costs, the number of additional clients supported under the extended program was multiplied by the average cost per client. Departmental costs were calculated by multiplying administered costs by the ratio of estimated departmental to administered expenses.

Data sources

Population projections in line with: ABS 1301.0 - Year Book Australia, 2012 Population Projections (Series B).

Percentage of population with a hearing impairment derived from: ABS Health Survey: First Results, 2011–12, Australia.

Percentage of the population with a Health Care Card extracted from:

- Department of Human Services (2012), FaHCSIA Electoral Data, accessed: <http://www.humanservices.gov.au/spw/corporate/publications-and-resources/facts-and-figures/electorate-data/resources/2012/2012-03-fahcsia.pdf>, and
- Public Health Information Development Unit, A Social Health Atlas of Australia, accessed: <http://www.publichealth.gov.au/>.

Program estimates taken from the Department of Health and Ageing 2013-14 Portfolio Budget Statements.

Indexation factors from Treasury parameters as at the Pre-Election Economic and Fiscal Outlook.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: BREAKDOWN OF COSTS BY COMPONENT

Table A1: Financial implications (outturn prices)^{(a) (b)}

Underlying cash and fiscal balance impacts	Policy duration	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
Extension of the AGHSP	Ongoing	-	-91.2	-91.8	-91.2	-274.2
National database	2014-15	-	-2.0	-	-	-2.0
Early evidence-based language & communication intervention	Ongoing	-	-15.0	-15.0	-15.0	-15.0
Sound field systems	Ongoing	-	-4.0	-4.0	-4.0	-12.0
Multidisciplinary project to address otitis-media	2014-15 2015-16	-	-2.5	-2.5	-	-5.0
COAG action	Ongoing	-	-	-	-	-
Teacher induction programs	2014-15 2016-17	-	-10.0	-10.0	-10.0	-30.0
	Total	-	-124.7	-123.3	-120.2	-368.2

(a) A negative number indicates an increase in expenses in both accrual and cash terms.

(b) Totals may not sum due to rounding.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Withdrawal from Afghanistan
Summary of proposal:	The proposal would withdraw all Australian troops from Afghanistan as soon as possible and reduce the 2013-14 Budget Measure: <i>Middle East Area of Operations – continuation of Australia's military contribution</i> by the amount that is not directly related to the withdrawal of Australian troops from Afghanistan. The proposal would have immediate effect following the 2013 Federal Election.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	3 September 2013
Date of public release of policy:	14 July 2013
Agencies from which information was obtained:	Department of Defence

Costing overview

This proposal is expected to increase both the underlying cash balance and fiscal balance by \$559.3 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a decrease in expenses.

The figures in this costing differ from the figures in the costing request as this costing reflects troops being returned to Australia by the end of March 2014 as opposed to the figures in the applicant's request which reflect troops being returned to Australia by the end of December 2013.

This costing is considered to be of medium reliability due to the uncertainty regarding the timing of withdrawal from Afghanistan.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	170.7	178.1	130.2	80.3
Fiscal balance (\$m)	170.0	178.1	130.2	80.3

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Key assumptions

The PBO has assumed that:

- the ADF can withdraw all personnel from Afghanistan and the wider Middle East Area of Operations (MEAO) over the next six months (ie from October 2013 to March 2014). This timeframe is based on the time it took to withdraw troops from Timor-Leste after combat operations ceased (four months) taking into account the relative size of the Australian contingent in Afghanistan compared to the number deployed to Timor-Leste, and
- no additional costs would be encountered by withdrawing troops from Afghanistan at a quicker than anticipated rate.

Methodology

The cost estimate is based on information provided by the Department of Defence which split the cost of the current Budget measure, *Middle East Area of Operations – continuation of Australia's military contribution*, into 'Ongoing Effort' and 'Transition and Redeployment' components.

The PBO has reduced the 'Ongoing Effort' component of the Budget measure by 25 per cent in 2013-14 given the six month timeframe to withdraw troops, and 100 per cent for each remaining year of the forward estimates. The 'Transition and Redeployment' component of the current estimate has not been changed. This would reduce the Australian military contribution to only those personnel required to remediate and withdraw Australian Defence Force equipment from Afghanistan.

Data sources

The Department of Defence.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Oppose flexible carbon price shift (previously <i>Carbon pricing</i>)
Summary of proposal:	<p>The proposal would reverse the Government's decision to move to a floating carbon price regime from 1 July 2014 and reverse the cuts to the following programs:</p> <ul style="list-style-type: none"> • the biodiversity fund • carbon farming futures • clean technology programs, and • public service efficiencies. <p>The proposal would take effect in the 2013-14 financial year.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	2 September 2013
Date of public release of policy:	14 July 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Finance and Deregulation • The Treasury

Costing overview

This proposal is expected to increase the underlying cash balance by \$4.20 billion and increase the fiscal balance by \$2.52 billion over the 2013-14 Budget forward estimates period.

This impact reflects an increase in revenue from the carbon pricing mechanism of \$5.15 billion on an underlying cash balance basis and \$3.47 billion on a fiscal balance basis and an increase in expenditure of \$960 million on both an underlying cash and fiscal balance basis from reversing the program cuts.

The PBO estimates that departmental expenses for the Clean Energy Regulator (CER) would be around \$10 million lower in 2013-14 and slightly lower in 2014-15 as a result of this proposal. This reverses the increased funding to the CER that was related to the increased volume of carbon permits that would have been auctioned for the floating price regime in 2014-15.

This proposal would have an ongoing impact that extends beyond the forward estimates period as some of the announced program cuts have impacts beyond that time.

POLICY COSTING – ELECTION CARETAKER PERIOD

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of timing differences associated with the receipt of carbon revenue and the issue of free permits. A detailed breakdown of the components of the costing is included at [Attachment A](#).

This costing is considered to be of medium reliability as it based on assumptions around future market carbon prices.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-310	3,030	1,650	-170
Fiscal balance (\$m)	-70	3,080	-320	-170

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance an increase in expenses or net capital investment in cash terms. Figures have been rounded to the nearest 10 million.

Key assumptions

Assumptions outlined in the costing request:

- The proposal would take effect in the 2013-14 financial year.

The PBO has made the following assumptions:

- For the purposes of this costing, the other savings associated with the Government’s announcement to move to a floating carbon price – reforms to fringe benefit tax for cars, the adjustment to the Coal Sector Jobs package, ending the energy security fund early and deferring funding to the Carbon Capture and Storage Flagship Program – have been retained.
- The carbon price in 2014-15 for this proposal is \$25.40 - the 2013-14 Budget fixed price for 2014-15 before the Government’s decision to move to a floating price one year earlier.
- The carbon prices in 2015-16 and 2016-17 used to undertake this costing are the same as in the Pre-election Economic and Fiscal Outlook (PEFO) (\$12.50 in 2015-16 and \$18.90 in 2016-17). As noted in PEFO, in the projections years of 2015-16 and 2016-17 the carbon price is projected using a linear transition from the market price in 2014-15 to the longer-term modelled price of \$38 in 2019-20 from the *Strong Growth, Low Pollution* report.
 - As noted in PEFO “the carbon price path to 2020 is subject to considerable uncertainty”.

Methodology

The impact of not proceeding with the move to a floating carbon price was estimated by comparing total revenue and expenditure from the carbon pricing mechanism under the current PEFO carbon price forecasts with those anticipated under a fixed price of \$25.40 in 2014-15. The costs of reversing cuts to the four specified programs were calculated by reversing the savings outlined by the Government.

POLICY COSTING – ELECTION CARETAKER PERIOD

Data sources

- Program costs for the four programs being retained were obtained from the Department of Finance and Deregulation.
- 2013 Pre-election Fiscal and Economic Outlook.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED FINANCIAL IMPLICATIONS

The following tables show the change in revenue and expenditure as a result of this proposal, relative to the 2013 PEFO estimates.

Table 1: Financial implications^(a)

Not proceeding with the move to a floating carbon price 1 year earlier				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-240	3,420	1,970	-
Fiscal balance (\$m)	-	3,470	-	-
Biodiversity fund				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-30	-60	-60	-60
Fiscal balance (\$m)	-30	-60	-60	-60
Carbon farming futures				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-30	-30	-40	-40
Fiscal balance (\$m)	-30	-30	-40	-40
Clean technology programs				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	20	-240	-140	-
Fiscal balance (\$m)	20	-240	-140	-
Public service efficiencies				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-40	-60	-80	-70
Fiscal balance (\$m)	-40	-60	-80	-70
Departmental costs – Clean Energy Regulator				
Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	10	..	-	-
Fiscal balance (\$m)	10	..	-	-

(b) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance an increase in expenses or net capital investment in cash terms. '..' means not zero, but rounded to zero.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Rental revolution (previously <i>Boosting rental supply</i>)
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> • review and fund another 50,000 homes under the National Rental Affordability Scheme (NRAS) and provide an additional incentive to ensure they are exemplary green buildings and come with solar PV • provide funding for 20,000 student rentals through a new University NRAS scheme • provide funding for 15,000 new rental homes through a ‘Convert to Rent’ Initiative, and • review the effectiveness of Commonwealth Rent Assistance by providing the Productivity Commission with \$180,000. <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	30 August 2013
Date costing completed:	5 September 2013
Date of public release of policy:	28 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Families, Housing, Community Services and Indigenous Affairs • Australian Taxation Office

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$208.7 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. Departmental expenses of \$0.2 million for 2014-15 have been included to conduct a review into Commonwealth Rent Assistance, as per the costing request.

This proposal would have an ongoing impact beyond the forward estimates period.

This costing is considered to be of medium reliability because some initiatives involve capped expenditure but others rely on PBO assumptions.

POLICY COSTING – ELECTION CARETAKER PERIOD

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-46.7	-65.5	-96.5
Fiscal balance (\$m)	-	-46.7	-65.5	-96.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms.

Key assumptions

Assumptions detailed in the costing request:

- These proposals are based on a ten-year timeframe.
- A co-funding arrangement with the states and territories is assumed for the additional 50,000 dwellings under the National Rental Affordability Scheme (NRAS).
- The University NRAS (UNI NRAS) is fully funded by the Commonwealth.
- Under the 'Convert to Rent' initiative, an additional \$5,000 would be provided for buildings to be modified for people with a disability, which is assumed to be 15 per cent or 2,250 dwellings.

The PBO has made the following assumptions regarding this costing:

- For those initiatives that extend the existing NRAS or introduce a scheme similar to the NRAS, this costing assumes the same rate of implementation and cost structure as the original NRAS scheme. The incentive is indexed according to the five-year average historical movement in the rents component of the Housing Group Consumer Price Index (CPI).
- The costing request specified that funding for some aspects of the proposal would be capped. The PBO has not made an assessment of whether the funding is sufficient to meet the policy goals.

Methodology

- For the additional 50,000 dwellings under the NRAS and the UNI NRAS, the annual cost of this proposal was calculated by multiplying the expected number of incentives per year by the full cost of the indexed incentive.
 - The PBO has used the base cost of \$10,350 per initiative in 2013-14 and this is indexed according to the five-year average historical movement in the rents component of the Housing Group CPI.
- The costing represents the sum of the amount of expenditure required for each of the proposals included in this package. The details are provided in [Attachment A](#).

POLICY COSTING – ELECTION CARETAKER PERIOD

Data sources

- ABS Cat. No. 6401.0 *Consumer Price Index, Australia*, various years
- National Rental Affordability Scheme Monthly Performance Report, 30 April 2013, available at: http://www.fahcsia.gov.au/sites/default/files/files/housing-support/nras/April13_NRAS_monthly_performance_report.pdf
- NRAS Incentive (indexation), available at: http://www.fahcsia.gov.au/sites/default/files/documents/05_2013/nras_incentive_indexation_fact_sheet_may2013.pdf

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: INITIATIVES IN THIS COSTING

As detailed in the request, this costing has the following components:

1. 50,000 additional NRAS incentives

This proposal would provide 50,000 additional National Rental Affordability Scheme (NRAS) incentives over 10 years.

2. GreeNRAS

This proposal would provide an additional upfront incentive of \$2,000 per NRAS dwelling to meet defined sustainable building benchmarks at a cost of \$10 million per year.

3. UNI NRAS

This proposal would provide 20,000 University National Rental Affordability Scheme (UNI NRAS) incentives over ten years.

4. Convert to Rent

The proposal would provide 15,000 new affordable rental dwellings from existing empty or underutilised buildings by providing up to \$21,000 per dwelling. An additional \$5,000 would be provided for buildings to be modified for people with a disability, which is assumed to be 15 per cent or 2,250 dwellings.

5. Review Commonwealth Rent Assistance

This proposal would provide \$0.18 million to supplement existing resources in the Productivity Commission in 2014-15 to conduct a review into the effectiveness of Commonwealth Rent Assistance.

Table A1: Financial implications of each initiative (outturn prices)^(a)

Initiative	Expense type	2013-14	2014-15	2015-16	2016-17	Total
50,000 new NRAS incentives	Administered	-	-3.0	-15.0	-35.0	-53.0
GreeNRAS incentives	Administered	-	-10.0	-10.0	-10.0	-30.0
20,000 new UNI NRAS incentives	Administered	-	-1.0	-8.0	-19.0	-28.0
Convert to rent	Administered	-	-32.5	-32.5	-32.5	-97.5
Review Commonwealth Rent Assistance	Departmental	-	-0.2	-	-	-0.2
Total		-	-46.7	-65.5	-96.5	-208.7



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Foreign ownership of agricultural land
Summary of proposal:	<p>The proposal would amend rules around the foreign ownership of agricultural land and water by:</p> <ul style="list-style-type: none"> • creating a register of foreign ownership of agricultural land and water assets • lowering the threshold applied by the Foreign Investment Review Board (FIRB) for consideration of foreign acquisitions from \$248 million to \$5 million (including cumulative purchases by the same entity that reach \$5 million) • legislating a stronger national interest test to be applied by the FIRB for purchases of agricultural land and water resources, and • prohibiting the purchase of agricultural land and water by wholly-owned subsidiaries of foreign governments. <p>The proposal would have effect from 1 July 2014 and would be ongoing.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	30 August 2013
Date costing completed:	4 September 2013
Date of public release of policy:	17 August 2013
Agencies from which information was obtained:	Department of The Treasury

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$0.5 million over the 2013-14 Budget forward estimates period. The proposal would also have an ongoing financial impact of around \$0.2 million per annum that extends beyond the forward estimates period. This impact is due entirely to an increase in expenses.

Based on advice provided by the Treasury, the estimates in this costing consist entirely of departmental expenses (one EL1 case officer per annum) to meet the increased caseload arising from the lowering of the threshold for consideration of foreign acquisitions to \$5 million. Any additional departmental costs arising from the remaining elements of the proposal are considered to be within the scope of the FIRB's day to day operations and would be expected to be absorbed within the Treasury's existing departmental funding.

POLICY COSTING – ELECTION CARETAKER PERIOD

Costs of \$3.2 million over four years are already included in the budget to establish a *Foreign Ownership Register for Agricultural Land* (refer 2013 Economic Statement pg. 63 and footnote (e) pg. 64). As such, no costs have been included for this component in the costing of this proposal.

The costing is considered to be of medium reliability as it is based on departmental cost estimates and projected caseload arising from the proposal that may differ in actuality.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-0.2	-0.2	-0.2
Fiscal balance (\$m)	-	-0.2	-0.2	-0.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Data sources

The following data sources were used by the PBO in the costing of this proposal:

- Departmental cost estimates and projected caseload were provided by The Treasury
- Indexation based on Treasury parameters as at the Pre-Election Economic and Fiscal Outlook
- Economic Statement - Policy decisions taken since the 2013-14 Budget, accessed: http://www.budget.gov.au/2013-14/content/economic_statement/html/06_app_b.htm



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Quality mental health care (previously <i>Mental Health</i>)
Summary of proposal:	<p>The proposal would improve the mental health services in Australia by:</p> <ul style="list-style-type: none"> investing \$150 million over three years to establish a National Institute for Mental Illness Research increasing funding for the Mental Health Nurse Incentive Program by \$70 million per year on top of current budget commitments reinstating the option of six extra sessions of psychological treatment in exceptional circumstances (EC) under the Better Access initiative providing grants of up to \$50,000 to mental health non-government organisations (NGOs) through re-establishing the NGO Capacity Grants Program, capped at \$7.5 million over three years, and establishing a National Suicide Prevention Campaign and improving the collection of data relating to suicide with an investment of \$38.3 million over three years. <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	30 August 2013
Date costing completed:	4 September 2013
Date of public release of policy:	27 August 2013
Additional information requested:	On 2 September 2013 the PBO sought clarification as to the termination dates of each element.
Additional information received:	On 3 September 2013 Senator Milne's Office advised that all elements are over three years from 1 July 2014 to 30 June 2017.
Agencies from which information was obtained:	<ul style="list-style-type: none"> Department of Health and Ageing (DoHA) Department of Human Services (DHS)

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease the underlying cash balance by \$546.0 million and the fiscal balance by \$547.4 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

The underlying cash impact of this proposal differs from the fiscal balance impact because the EC psychological treatment element includes a time lag between the treatment sessions occurring (at which time the payment from the Government is owing) and the actual payment of the fee to the provider once the claim through Medicare has been processed.

The EC psychological treatment element of the costing request includes \$1.0 million to cover DHS departmental costs over the forward estimates. Given this is an extension of an existing program, DoHA's departmental costs associated with implementing the proposal would be minimal relative to overall costs and have not been included. Departmental costs for the other elements are estimated to be minimal and have not been included.

This costing is considered to be of medium reliability as the EC psychological treatment element is based on estimated demand and applying average costs.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-178.0	-182.1	-186.0
Fiscal balance (\$m)	-	-178.4	-182.5	-186.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

As per the costing request, the capped elements of the proposal are split evenly each year over the forward estimates from 2014-15.

The PBO has made the following assumptions in costing the EC psychological treatment element:

- the population of patients receiving additional treatments across the forward estimates is calculated by applying the growth rate implicit in the 2011-12 and 2012-13 Budget measures relating to the Better Access Initiative (see [Data sources](#)) to the 2012-13 patient population.
- the estimated reduction in the population of patients, as a result of the refined EC criteria reducing the number of eligible patients, is based on Australian Psychological Society estimates (see [Data sources](#))
- the average cost per session will grow uniformly over the forward estimates period in line with growth occurring over the five year period from 2007-08 to the 2011-12
- there is sufficient capacity within the sector to accommodate the increased demand for additional treatment sessions resulting from this proposal, and
- all patients who qualify for the additional EC treatment will utilise all six additional sessions.

POLICY COSTING – ELECTION CARETAKER PERIOD

Methodology

EC psychological treatment element

The total cost of this element is derived by adding the following administered and departmental costs:

- Administered costs:
 - The average session cost per year was estimated by applying a compound annual growth rate, derived from historical data, to the 2011-12 average session costs.
 - The patient population per year was calculated by applying the growth rate implicit in the 2011-12 and 2012-13 Budget measures relating to the Better Access Initiative to the actual 2012-13 patient population. The patient population estimate is then reduced by 19 per cent as a result of the refined EC criteria.
 - The total administered cost is derived by multiplying the estimated patient population (those that qualify under the refined EC criteria) by the estimated cost of the additional six sessions.
- Departmental costs
 - The total departmental cost is derived by multiplying the estimated number of transactions by the processing cost per transaction.

Other policy elements

The estimates are based on the capped funding amounts specified in the costing request.

See [Attachment A](#) for a full breakdown of each cost element.

Data sources

- DoHA
 - Historical data on the number of patients receiving EC treatment sessions, average cost per EC treatment session, over the period from 2007 to 2012 and costing models for the:
 - : 2011-12 Budget measure: *National Mental Health Reform – Better Access Initiative – rationalisation of allied health treatment sessions*
 - : 2012-13 Budget measure: *National Mental Health Reform – Better Access Initiative – continuation*
- DHS
 - Current estimated processing cost per transaction for the 2013-14 Budget forward estimates period.
- *Proposal for permanent reinstatement of the Better Access 'exceptional circumstances' sessions*, Australian Psychological Society paper, updated April 2013
 - Estimate of reduction in patient numbers as a result of the refined criteria for EC.

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF COSTING

Table A1: Financial implications (outturn prices)^(a)

Underlying cash balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Establish a National Institute for Mental Illness Research	-	-50.0	-50.0	-50.0
Increasing funding for the Mental Health Nurse Incentive Program	-	-70.0	-70.0	-70.0
EC psychological treatment element	-	-42.7	-46.8	-50.7
Re-establishing the NGO Capacity Grants Program	-	-2.5	-2.5	-2.5
Establishing a National Suicide Prevention Campaign	-	-12.8	-12.8	-12.8
Total impact	-	-178.0	-182.1	-186.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Table A2: Financial implications (outturn prices)^(a)

Fiscal balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Establish a National Institute for Mental Illness Research	-	-50.0	-50.0	-50.0
Increasing funding for the Mental Health Nurse Incentive Program	-	-70.0	-70.0	-70.0
EC psychological treatment element	-	-43.2	-47.3	-51.1
Re-establishing the NGO Capacity Grants Program	-	-2.5	-2.5	-2.5
Establishing a National Suicide Prevention Campaign	-	-12.8	-12.8	-12.8
Total impact	-	-178.4	-182.5	-186.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. Amounts may now sum due to rounding.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Clean coal assistance abolished (previously <i>Abolishing direct assistance to clean coal initiatives</i>)
Summary of proposal:	The proposal would abolish funding for the Global Carbon Capture and Storage Institute, the Carbon Capture and Storage Flagships, and the National Low Emissions Coal Initiative. The proposal would have effect from 1 January 2014.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	2 September 2013
Date costing completed:	4 September 2013
Date of public release of policy:	14 July 2013
Agencies from which information was obtained:	Department of Resources, Energy and Tourism (RET)

Costing overview

The proposal is expected to increase both the underlying cash and fiscal balance by \$271.9 million over the 2013-14 Budget forward estimates period. This impact is entirely due to a decrease in expenses.

The departmental cost associated with terminating contracts is expected to be immaterial and therefore is not included in this costing.

This costing is considered to be of medium reliability. The estimated savings are based on funding that remains uncommitted to specific projects as at the 2013 Pre-Election Economic and Fiscal Outlook (PEFO).

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	47.8	150.4	73.7
Fiscal balance (\$m)	-	47.8	150.4	73.7

(a) A positive number for the fiscal balance indicates a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses in cash terms.

POLICY COSTING – ELECTION CARETAKER PERIOD

Methodology

The estimates in this costing are based on 2013 PEFO estimates for the Carbon Capture and Storage Flagships program less funding identified by RET as publicly announced for specific projects. Funding for the National Low Emissions Coal Initiative has been fully committed and the Global Carbon Capture and Storage Institute program terminated on 20 March 2013.

Data sources

Program estimates as at the 2013 PEFO and levels of committed and uncommitted funding were obtained from RET.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Capital grants for childcare centres and Childcare, payment reform and HECS waiver (previously <i>Childcare</i>)
Summary of proposal:	<p>The proposal has three parts:</p> <p><u>Part 1</u> would introduce a \$200 million capital grants fund over four years from 1 July 2014. The fund would assist with the establishment of new childcare centres and the expansion of existing centres.</p> <p><u>Part 2</u> would combine the Child Care Benefit (CCB) and Child Care Rebate (CCR) into a single payment, and boost the base hourly benefit to \$6.10 per hour from 1 July 2015. The payment would continue to cover 50 per cent of the remaining expenses after subtracting any income tested hourly subsidy, up to a maximum of \$7,500 per annum, as is currently the case with CCR. The new payment would also introduce an additional 10 per cent loading to the base hourly benefit for children aged 0 to 2 (inclusive) and a further 10 per cent for children in rural and regional areas. The new payment would be made directly to child care centres and passed on to families via fee reduction, removing the option for parents to have payments made directly to their bank accounts.</p> <p><u>Part 3</u> would introduce a Higher Education Loan Program (HELP) waiver scheme to encourage qualified educators to join and stay in the early childhood workforce. Under the program, no HELP repayments would be required by early childhood education teachers, and the Government would write-down HELP debt equivalent to the payment that would usually be required for the financial year. Teachers working in areas specified as high need would have the amount of debt written down doubled. This would replace the existing HECS-HELP Benefit for early childhood education teachers from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	14 August 2013 (Part 1) and 27 August 2013 (Part 2 and 3)

COSTING – ELECTION CARETAKER PERIOD

Agencies from which information was obtained:	<ul style="list-style-type: none">• Department of Education, Employment and Workplace Relations (DEEWR)• Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE)
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Costing overview

The proposal is expected to decrease the underlying cash balance by around \$2.44 billion and both the headline cash and fiscal balances by around \$2.46 billion over the 2013-14 Budget forward estimates period. These impacts are entirely due to an increase in expenses.

Part 1 of the proposal would decrease both the underlying cash and fiscal balances by \$150 million over the 2013-14 Budget forward estimates period. The proposal would also decrease both the underlying cash and fiscal balances by an additional \$50 million in 2017-18.

Part 2 of the proposal would decrease both the underlying cash and fiscal balances by \$2.29 billion over the 2013-14 Budget forward estimates period. This estimate includes departmental expenses of \$5 million in each of 2014-15 and 2015-16 to cover Information Technology changes and funding for an information campaign for both child care centres and families using care. This new benefit would have an ongoing impact beyond the 2013-14 Budget forward estimates period.

Part 3 of the proposal would decrease the headline cash and fiscal balances by \$24.8 million and the underlying cash balance by \$4.5 million over the 2013-14 Budget forward estimates period. This impact would be ongoing beyond the 2013-14 Budget forward estimates period.

A disaggregation of the individual parts of the costing can be found in [Attachment A](#).

[Attachment B](#) contains additional detail on the policy parameters for the new child care payment, and how they differ from those that would apply for CCB and CCR under the current system.

The differences between the headline cash, underlying cash and fiscal balances in Part 3 are due to the accounting treatment of the income contingent loans made through HELP. The estimates in this costing differ slightly from those in the applicant's costing request as the applicant included headline cash balance impacts in the underlying cash balance figures.

This costing of Part 1 is considered to be of high reliability as it is based on a capped funding amount specified in the costing request. The costing of Parts 2 and 3 are considered to be of low-medium reliability. The estimates of these two parts will be sensitive to population growth, child care prices, demand for child care, incomes growth and the levels of HELP debts and the take-up of the waiver scheme for teachers working in the early childhood education and care sector.

COSTING – ELECTION CARETAKER PERIOD

Table 1: Financial implications – all options (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Headline cash balance (\$m)	-	-62.1	-1,173.3	-1,229.4
Underlying cash balance (\$m)	-	-56.3	-1,166.5	-1,221.7
Fiscal balance (\$m)	-	-62.1	-1,173.3	-1,229.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash or headline cash balances indicates an increase in expenses in cash terms.

Key assumptions

Part 1: Capital Grants Fund

Consistent with the costing request:

- Expenditure is assumed to be evenly spread over the four year life of the fund, and
- Departmental expenses are assumed to be covered by the \$200 million allocated to the fund.

Part 2: New Child Care Payment

The PBO has assumed:

- no change in child care use due to the policy change
- that the regional loading would apply for families living in areas classified by the Australian Bureau of Statistics (ABS) as 'outer regional' or 'remote', and
- that the vast majority of CCR customers currently elect to receive their payment fortnightly, and thus there would be a negligible difference between the costing on underlying cash balance and fiscal balance bases.

Part 3: HELP waiver scheme

The PBO has assumed:

- that 80 per cent of eligible early childhood teachers will take-up the waiver.
 - The current take-up rate for the HECS-HELP Benefit for early childhood education teachers is approximately 30 per cent. The increase in take-up has been assumed as the new program is broader ranging and more generous.
- teachers working in high need areas eligible for additional support are the same group currently eligible for the HECS-HELP Benefit for early childhood education teachers, which is targeted towards teachers working in child care centres in either remote or low socio-economic areas.
- the average annual value of HELP debt that is waived per eligible teacher grows in line with average weekly earnings.
- departmental expenses for the scheme will be covered by those currently allocated to the administration of the HECS-HELP Benefit for early childhood education teachers.

COSTING – ELECTION CARETAKER PERIOD

Methodology

- Estimates have been derived for each of the three parts individually, rounded and then summed to give the total.
 - There are not expected to be any significant interactions between the parts.

Part 2: New Child Care Payment

- The *Legislative Outyears Customisable Model of Child Care* (LOCMoCC) model has been used to estimate the impact of the proposal on families using formal child care.
 - LOCMoCC is based on a confidentialised extraction of administrative data from the child care payments system from a payment week in November 2011.
 - Incomes are inflated for future years using forecasts for the Wage Price Index. Child care prices are inflated based on the DEEWR estimates of child care fee growth.
 - Annual conversion factors are used to transform the results of the simulation from a weekly to an annual basis.
- The base data for LOCMoCC includes the postcode of payment recipients. Correspondences between postcode and areas classified by the ABS as ‘outer regional’ or ‘remote’ have been used to assess entitlement to the remoteness loading.
- A simulation was run to assess entitlement for both the current policy and the proposed policy. The difference between the two outcomes gives the costing.
- The estimate of the departmental expenses has been based on costs of previous changes to the CCMS and the level of funding for advertising recent changes to payments, such as the Clean Energy Future Household Assistance Package and the Schoolkids Bonus.
- Estimates of administered expenses have been rounded to the nearest \$10 million. Departmental expense estimates have been rounded to the nearest \$1 million.

Part 3: HELP waiver scheme

- The costing estimate has been derived by taking the product of an estimated number of teachers likely to claim the waiver, and the average debt waived.
- The number of early childhood education teachers with HELP debts in 2010-11 was taken from the detailed tables from the Australian Taxation Office’s (ATO) 2010-11 Taxation Statistics publication. Estimates of the number of early childhood education graduates from 2010-11 until 2016-17, along with an estimate of the time taken to finalise debt, were used to estimate the stock of teachers with a debt in each year in the 2013-14 Budget forward estimates period. A take-up rate was applied to estimate the number of teachers claiming the debt waiver.
- The number of teachers eligible for the additional support for working in high needs areas has been based on the forward estimates for the HECS-HELP Benefit for early childhood education teachers.

COSTING – ELECTION CARETAKER PERIOD

Data sources

- The LOCMoCC model and forward estimates for CCB and CCR have been provided by DEEWR.
- ABS catalogue number 1270.0.55.006, *Australian Statistical Geography Standard (ASGS): Correspondences, July 2011*.
- ATO, *2010-11 Taxation Statistics*, detailed tables.
- Forward estimates for the HECS-HELP Benefit for early childhood education teachers have been provided by DIICCSRTE.
- 2013 Pre-Election Economic and Fiscal Outlook

COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A. DISAGGREGATION OF COSTING COMPONENTS

In Parts 1 and 2 of this costing, the underlying and headline cash balance impacts are equivalent.

Table A1: Financial implications – Capital Grants Scheme (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-50	-50	-50
Fiscal balance (\$m)	-	-50	-50	-50

Table A2: Financial implications – A new child care payment (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-5	-1,115	-1,170
Fiscal balance (\$m)	-	-5	-1,115	-1,170

Table A3: Financial implications – HELP waiver scheme (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Headline cash balance (\$m)	-	-7.1	-8.3	-9.4
Underlying cash balance (\$m)	-	-1.3	-1.5	-1.7
Fiscal balance (\$m)	-	-7.1	-8.3	-9.4

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash or headline cash balances indicates an increase in expenses in cash terms.

COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT B. POLICY SPECIFICATION OF THE NEW BENEFIT

The policy would combine the two major existing child care assistance payments, Child Care Benefit (CCB) and Child Care Rebate (CCR), into a single payment (the “new Benefit”) and provide targeted additional assistance to certain groups of people.

The new Benefit would maintain a similar form of assistance to that currently provided by CCB and CCR, but would be paid directly to care providers through the CCMS and passed on to families through a fee reduction. Families would no longer be able to receive their assistance via payment into their bank accounts.

The new Benefit would maintain an income tested hourly subsidy, as is currently provided by CCB. However, the standard hourly subsidy in 2015-16 would be increased to \$6.10 per hour, from an estimated Consumer Price Index (CPI) indexed value of \$4.15 per hour under current policy.

In addition to the current CCB payment loadings, the new Benefit would provide an additional 10 per cent loading for children under the age of three to reflect the higher costs of care for these children. A further 10 per cent loading would also be available for children in care located outside capital cities and major regional areas.

Under the new Benefit, the standard hourly subsidy would continue to be indexed to the CPI.

The new Benefit would also continue to cover 50 per cent of remaining expenses after subtracting any income tested hourly subsidy, as is currently the case with CCR. The amount of assistance which is available under this component of the new Benefit would be capped at the same level that is currently available under CCR, \$7,500 per annum.

Table B1 provides a brief comparison of the existing and proposed fee assistance schemes.

COSTING – ELECTION CARETAKER PERIOD

Table B1: Comparison of existing and proposed policy settings in 2015-16

	Current policy	New benefit
Number of child care assistance payments	Three (CCB, CCR, Jobs, Education and Training Child Care Fee Assistance (JETCCFA))	Two (new Benefit, JETCCFA)
Maximum Hourly Subsidy – income tested	\$4.15	\$6.10
Income limit to receive maximum subsidy	\$43,654	\$43,654
Indexation of Standard Hourly Subsidy	CPI	CPI
Fees covered in addition to the income tested hourly subsidy	50 per cent of fees not covered by CCB up to a cap of \$7,500 per annum	50 per cent of fees not covered by the income tested hourly subsidy up to a cap of \$7,500 per annum
Payment method	Paid direct to services providers or paid into families' bank accounts.	Paid direct to service providers.
Loadings	<ul style="list-style-type: none"> • Multiple children • Part time • Age based (0-4 years, 5+ years) 	<ul style="list-style-type: none"> • Multiple children • Part time • Age based (0-2 years, 3-4 years, 5+ years) • Regional loading



COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Young and emerging artists and State of the arts (previously <i>Supporting artists</i>)
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> • Part 1) Recognise artistic work for the purposes of meeting eligibility requirements for Centrelink payments • Part 2) Provide \$3 million per year to fund payments to artists for performing, exhibiting or speaking about their works • Part 3) Invest an additional \$1 million per year into the existing ArtStart program that provides business training and financial support to those just starting out in their artistic trade • Part 4) Restore the Parliament's procurement policy to purchase art works from young and emerging Australian artists • Part 5) Increase funding for Playing Australia by \$2 million per year from 1 July 2014 until it reaches a threshold of \$10 million when it would be indexed annually • Part 6) Provide \$5 million per year for three years from 1 July 2014 for an Arts Research and Development Fund, and • Part 7) Remove globally touring arts businesses from the 'in Australia' rule so that they will become tax exempt entities. <p>The intention of this proposal is to assist young and emerging artists to build their careers.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	26 August 2013
Agencies from which information was obtained:	Department of Regional Australia, Local Government, Arts and Sport

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$70.4 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenditure.

The financial impact of this proposal includes several components:

- Part 1 is expected to increase expenditure by \$35.8 million over the 2013-14 Budget forward estimates period
- Part 2 would increase expenditure by \$9 million over the 2013-14 Budget forward estimates period
- Part 3 would increase expenditure by \$3 million over the 2013-14 Budget forward estimates period
- Part 4 represents a redirection of funding with the Parliament’s current procurement program and is therefore expected to have no cost
- Part 5 would increase expenditure by \$7.6 million over the 2013-14 Budget forward estimates period
- Part 6 would increase expenditure by \$15 million over the 2013-14 Budget forward estimates period, and
- Part 7 is expected to increase expenditure by a small but unquantifiable amount over the 2013-14 Budget forward estimates period.

Departmental costs are expected to be minimal and have not been included in this costing.

Part 1 of this costing is considered to be of low reliability as it is based on projections of the number of additional recipients that would be eligible for Centrelink payments as a result of the proposal. Parts 2 to 6 are considered to be of high reliability as they are based on the capped amounts specified in the costing request.

This proposal would have an ongoing impact that extends beyond the forward estimates period.

Table 1: Financial implications of parts 1 to 3 of this proposal (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-23.5	-23.4	-23.5
Fiscal balance (\$m)	-	-23.5	-23.4	-23.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in payments in cash terms.

Key assumptions

Assumptions detailed in the costing request:

- This proposal would start from 1 July 2014.

POLICY COSTING – ELECTION CARETAKER PERIOD

The PBO has made the following assumptions regarding this costing:

- The definition of artist used in the costing is taken from the latest *Australian and New Zealand Standard Classification of Occupations* (ANZSCO) and includes all occupations defined as Arts Professionals and some occupations defined as *Media Professionals* (authors, directors, art directors and directors of photography).
- It is assumed that the current rates of the affected payments (Newstart Allowance, Youth Allowance (Jobseeker) and the Parenting Payment) are maintained and that no other current eligibility requirements are changed as part of this proposal.
- It is assumed that there are no changes to the procurement budget for purchasing artworks. The proposal is a redirection of existing funding.

Methodology

Data on the number of artists in Australia by age and income was obtained from the Australian Bureau of Statistics (ABS). The amount and type of payment that artists would be eligible for under the proposal was estimated based on information about their age, income, marital/de-facto status, whether or not they have children and whether or not they are a job-seeker or full-time student. These estimates were based on data provided by the Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA) and the Department of Education, Employment and Workplace Relations (DEEWR).

The cost of the proposal in 2014-15 was estimated by multiplying the estimated number of new eligible recipients by an estimated average social security payment.

To assess the impact of the policy across the forward estimates period, the number of artists who were estimated to receive each social security payment in 2014-15 was grown in line with projected numbers of social security recipients provided by FAHCSIA. The payment rates of Youth Allowance (Jobseeker) and Newstart Allowance were indexed annually by the Consumer Price Index (CPI), and the Parenting Payment was indexed annually by male average weekly earnings.

Part 5 was estimated by increasing the total annual funding by an additional \$2 million each year from 1 July 2014 until annual funding reached \$10 million from which time total funding was indexed at CPI.

Data sources

- ABS, *Employment in Culture, Australia, 2011* (Cat 6273.0).
- Data on marital/de-facto status, dependent children and living arrangements was obtained from FAHCSIA and DEEWR.
- Data on the proportions of individuals receiving study-related social security payments was obtained from FAHCSIA.
- CPI and average weekly earnings projections were obtained from The Treasury.
- Information on the existing funding profile for the Playing Australia program was obtained from the Department of Regional Australia, Local Government, Arts and Sport.



Parliament of Australia
Parliamentary Budget Office

COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Protect National Parks, No new coal or coal seam gas (CSG) and Environment, including no new coal and Caring for our Country (CFOC) cuts (previously <i>Protecting the environment</i>)
Summary of proposal:	<p>The proposal would establish a range of new regulatory and procedural changes, and provide additional resources, that will assist in enhancing the national environmental legal framework. The proposal would also see no new unconventional gas or coal mines approved as well as reverse budget cuts to the Caring for our Country program. See Attachment A for full details of the components of this proposal.</p> <p>The proposal would take effect from 1 July 2014 with the exception of restoring Caring for our Country cuts and no new coal or coal seam gas which would take effect immediately.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	5 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	3 September 2013
Agencies from which information was obtained:	Not applicable

Costing overview

The proposal is expected to decrease both the underlying cash and fiscal balances by \$1.77 billion over the 2013-14 Budget forward estimates period. This impact reflects an increase in expenses of \$469.8 million and a reduction in revenue of \$1.3 billion.

The reduction in revenue reflects lower company tax paid by the companies affected by the prohibition on new unconventional gas or coal mine approvals. This represents a lower bound estimate of the cost of this proposal, particularly as the estimate does not include the impact of reduced taxes on employment income. The negative revenue impact of this proposal would grow significantly beyond the forward estimates period.

Departmental expenses are to be met from within the capped funding amount as per the costing request.

The financial impact of this proposal includes a number of components; a detailed breakdown of the components of the costing are included at [Attachment A](#) which, as per the costing request, reflects amounts and assumptions specified in previous costing requests.

POLICY COSTING – ELECTION CARETAKER PERIOD

All elements of this costing, other than the element regarding no approvals of new unconventional coal or gas mines, are considered to be of high reliability as they are based on capped funding amounts and the reversal of specific funding cuts. The costing of the proposal for no new coal or unconventional gas projects is considered to be of very low reliability. It is based on limited data, forecasts of expected future coal and gas prices and production volumes and only includes one element of the likely negative revenue impact.

The estimates for the cost of the proposal differ from those in the costing request due to the impact of parameter variations on the cost of the proposal for no new unconventional gas or coal mines.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-50.8	-262.2	-549.9	-906.9
Fiscal balance (\$m)	-50.8	-262.2	-549.9	-906.9

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

All elements other than no new unconventional gas or coal mines

The PBO assumes that the reversal of the cuts to the Caring for our Country program would result in the full reinstatement of savings included in the 2013-14 Budget and the 2013 Economic Statement (including the savings identified in 2012-13). As per the costing request all other elements are consistent with the capped amounts provided in the previous costing requests.

No new unconventional gas or coal mine approvals

Price estimates for coal seam gas (CSG) over the forward estimates period were sourced from the World Bank, Development Prospects Group's *Commodity Price Forecast Update – Released: May 14, 2013*. US dollar values were converted to Australian dollars using Treasury's Pre-election Economic and Fiscal Outlook (PEFO) parameters. Coal prices were sourced from the PBO's Minerals Resource Rent Tax (MRRT) model based on PEFO parameters.

The costing assumes that the impact of the prohibition on new coal and CSG extraction does not have a significant impact on Petroleum Resource Rent Tax or MRRT revenues over the forward estimates period.

The costing does not include any estimate of compensation that may be payable to individuals or companies affected by the prohibitions.

Methodology

Reversal of cuts to Caring for our Country program

The costs of reversing cuts to the Caring for our Country program were derived by reversing the savings identified in the 2013-14 Budget and the 2013 Economic Statement, including re-profiling any 2012-13 impacts into 2013-14.

POLICY COSTING – ELECTION CARETAKER PERIOD

No new unconventional gas or coal mine approvals

Production of coal and CSG from projects yet to receive final approval was estimated using the Bureau of Resources and Energy Economics' *Resources and Energy Major Projects April 2013* publication. Projects yet to receive final approval were identified and assigned a probability of progressing to completion. The expected output from the projects was multiplied by the probability of completion to estimate the production volumes.

The costing was completed using an aggregate model of coal and CSG production. The estimated decrease in production volumes as a result of each prohibition and price estimates were used to calculate the decrease in company profits and in company tax revenue. This element of the costing is rounded to the nearest \$10 million.

Data sources

Reverse cuts to the Caring for our Country program

- 2013-14 Budget Paper No. 2 Measure, Caring for our Country – redirection of funding (page 256)
- 2013 Economic Statement Table B2: Expense measures since the 2013 14 Budget (page 62)

No new unconventional gas or coal mine approvals

- World Bank, Development Prospects Group – Commodity Price Forecast Update – Released: May 14, 2013
- Bureau of Resources and Energy Economics – Resources and Energy Quarterly, March Quarter 2013
- Bureau of Resources and Energy Economics – Resources and Energy Major Projects, April 2013
- Australian Taxation Office – Taxation Statistics 2009-10

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: BREAKDOWN OF COSTS BY COMPONENT

	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)
1. Establish a Sustainability Commissioner	-	-50.0	-40.0	-40.0
2. Establish an accreditation scheme (with audit and compliance mechanisms) for all environmental impact professionals	-	-13.0	-8.0	-8.0
3. Greatly improve compliance and audit under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> , including 20 extra staff	-	-20.0	-20.0	-20.0
4. Establish a community information unit	-	-0.5	-0.5	-0.5
5. Ensure Federal Departments have responsibility for all aspects of the environment when the impact is significant	-	-20.0	-20.0	-20.0
6. Change court costs rules to prohibit costs orders in public interest cases	-	-0.5	-0.5	-0.5
7. Require Ministerial Decisions taken under our national environment laws to be consistent with the precautionary principle	-	-	-	-
8. Remove the power to delegate federal approval powers under our national laws to state governments from the act	-	-	-	-
9. Funding to protect World Heritage area	-	-1.5	-20.5	-20.5
10. No new unconventional gas or coal mines	-10	-130	-400	-760
11. Reverse budget cuts to the Caring for our Country program	-40.8	-26.7	-40.4	-37.4
TOTAL	-50.8	-262.2	-549.9	-906.9



COSTING – POST ELECTION REPORT

Name of proposal costed:	Disability Support
Summary of proposal:	The proposal would reverse the changes made to the assessment process for the Disability Support Pension (DSP) which came into effect in September 2011. The proposal would have effect from 1 July 2014.
Party:	Australian Greens
Date of public release of policy:	6 September 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) • Department of Finance and Deregulation (Finance)

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$791 million over the 2013-14 Budget forward estimates period. This impact is due to an increase in DSP expenses administered by FaHCSIA, partially offset by a decrease in income support payments administered by the Department of Education, Employment and Workplace Relations (DEEWR), and a net decrease in administrative costs. A detailed breakdown of the components of the costing is included at [Attachment A](#).

This proposal will have an ongoing impact that extends beyond the forward estimates period.

This proposal reverses measures from the 2010-11 and 2011-12 Budgets that tightened the eligibility for the DSP. The measures have seen a reduction in DSP expenditure and an increase in expenditure of other income support payments, due to a number of the claimants no longer eligible for DSP moving to other income support payments, such as Newstart Allowance and Parenting Payment. Accordingly this proposal, which is to reverse the change brought in under these measures, results in an increase in DSP expenditure and a reduction in other income support payments spending. Reversing the earlier measures also results in reduced costs for the Department of Human Services (DHS) as the assessments for eligibility for DSP are less onerous and therefore less costly for the agency.

This costing is considered to be of medium reliability. The estimates are based on the actual increase in the rate of rejections of DSP claims from September 2011 onwards. However, other small but unquantifiable external factors unrelated to the measures, such as changes in claimants' demography, may have also contributed to the increase.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-255	-260	-276
Fiscal balance (\$m)	-	-255	-260	-276

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in payments in cash terms.

Key assumptions

The PBO has assumed that the increase in rejections of DSP claims from September 2011 onwards is due entirely to the changes made to the assessment process for DSP.

As the savings measures were introduced in the 2010-11 and 2011-12 Budgets, their estimates only extend to the end of the forward estimates period at the time, which were 2013-14 and 2014-15, respectively. As a result, the PBO has assumed that the estimates beyond these years would continue at the same trend as previous years.

Methodology

The estimates in this costing are based on reversing the estimated savings from the 2010-11 and 2011-12 Budget measures, plus an additional 12 per cent margin.

The additional margin has been applied as FaHCSIA advised that the actual number of DSP claims rejected as a result of the earlier savings measures is around 12 per cent higher than originally estimated.

Any departmental funding provided to FaHCSIA, DEEWR and DHS to administer the original savings measures has also been reversed. The PBO has allowed for these three departments to retain some funding in 2014-15 only (totalling around \$8 million), reflecting costs they will face in reverting back to previous arrangements.

Data sources

- FaHCSIA
 - Numbers and reasons of DSP claims rejected
- Finance
 - Financial impact of the 2010-11 Budget measure: *Job Capacity Assessment – more efficient and accurate assessments for Disability Support Pension and employment services*
 - Financial impact of the 2011-12 Budget measure: *Building Australia's Future Workforce – implementation of more efficient and accurate assessments for Disability Support Pension*

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: COMPONENTS OF COSTING

Table A1: Financial implications by funding type and department ^{(a) (b)}

Funding type	Department	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Administered	Department of Education, Employment and Workplace Relations – <i>Reduction in income support payments</i>	108	112	117	337
	Department of Families, Housing, Community Services and Indigenous Affairs – <i>increase in DSP expenditure</i>	-459	-480	-502	-1,441
Departmental	Department of Education, Employment and Workplace Relations	-1	..	..	-1
	Department of Families, Housing, Community Services and Indigenous Affairs	2	2	3	7
	Department of Human Services	96	105	106	306
Total		-255	-260	-276	-791

(a) All figures are in both fiscal and underlying cash balances. A negative number indicates an increase in expenses in both cash and accrual terms. A positive number indicates a decrease in expenses in both accrual and cash terms.
 (b) .. not zero, but rounded to zero.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Increasing Newstart and caring for single parents
Summary of proposal:	<p>The proposal would:</p> <ol style="list-style-type: none"> 1. increase the maximum rate of working age income support payments made to single principal carers by \$90 per week The income test for these recipients (other than those receiving Special Benefit) would be aligned with that for Parenting Payment (Single). 2. increase the maximum rate of working age income support payments made to other singles by \$50 per week 3. increase the maximum rate of income support payments made to single, independent youths and students by \$50 per week, and 4. index the maximum rate of allowances by the higher of growth in the Consumer Price Index (CPI), Male Total Average Weekly Earnings (MTAWE) or the Pensioner and Beneficiary Living Cost Index (PBLCI). <p>Rates would be increased from 1 July 2014. The change to the income test for single parents would apply from 1 July 2014. Changes to the indexation of payments would occur from 20 September 2014 for working age payments, and 1 January 2015 for payments to students and youth.</p>
Party:	Australian Greens
Date of public release of policy:	31 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Former Department of Education, Employment and Workplace Relations (DEEWR) • Former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICSRTE), and • Department of Human Services (DHS).

Costing overview

The proposal is expected to decrease both the underlying cash and fiscal balances by around \$9.0 billion over the period 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

The proposal would have an ongoing impact beyond the forward estimates. Due to the change in indexation, the impact would compound.

POLICY COSTING – POST ELECTION REPORT

The costing includes \$145 million in departmental expenses across the 2013-14 forward estimates period. This is to provide resourcing for the DHS to implement IT changes, a communications campaign and for the ongoing service delivery element of the proposal. The service delivery expenses would be significant given the need to manage an increased caseload as a result of new recipients claiming income support.

A disaggregation of the impact into individual programs can be found at [Attachment A](#).

The estimates in this costing differ from those in the costing in the party's policy document due to updated parameters and the inclusion of interactions between the individual elements in the party's policy document. The most significant interaction relates to the impact of MTAWA indexation on the additional increase in the rate of payment to single parents.

The costing is considered to be of medium reliability. Although current data and forecasts have been used, the estimates will be affected by variations in labour market conditions and are subject to a number of assumptions.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-5	-2,915	-2,950	-3,170
Fiscal balance (\$m)	-5	-2,915	-2,950	-3,170

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

General assumptions

- The policy specification used in this costing is based on the policy document *Addressing Poverty in Australia: The Greens' plan for increasing Newstart and reversing single parent cuts* and the policy specification underlying the estimates published in that document.
- The Budgetary impacts of income support payments on fiscal and underlying cash balance bases differ slightly due to the impacts of over and underpayments, and the treatment of debt. However, this costing has assumed that any differences between the underlying cash and fiscal balance impacts of the proposal will be immaterial.
- No behavioural change has been included in the costing.
 - An increased rate of allowance may cause recipients to be less motivated to look for work, or reduce their working hours to receive additional support.
 - Similarly, as there will be a smaller discrepancy between the rates of allowances and pensions, current allowance recipients may be less likely to attempt to transfer to pension payments, such as the Disability Support Pension.
- No revenue impacts have been included in this costing.
 - Income support allowances are taxable income. The Beneficiary Tax Offset will offset the tax liability on any income from allowances. However, some recipients with income from other sources may have an increased tax liability due to the increase in their taxable income pushing them into a higher tax bracket.

POLICY COSTING – POST ELECTION REPORT

- This is not expected to have a material impact on taxation revenue.
- Estimates for individual programs have been rounded to the nearest \$5 million and then summed.

Increases to maximum rates

- The PBO assumes that income taper rates remain unchanged. By lifting the benefit rates by \$50 a week, the income test cut-off points increase for each of the affected payments. As a result, approximately 90,000 individuals who currently earn income in excess of the existing income test cut-off point but below the proposed new income test cut-off point would become eligible for a payment.
 - In addition to the direct costs associated with new recipients receiving part payment of an allowance, these recipients may, depending on their individual circumstances, be eligible for assistance through Job Services Australia (JSA), Disability Employment Services (DES) and the Remote Jobs and Community Program (RJCP).
 - Furthermore, they may be eligible to access, among other things, Commonwealth Rent Assistance, Income Support Bonus, Clean Energy Supplement, Start-up and Relocation Scholarships.
 - For example, a recipient may receive \$2 a fortnight in income support from the Government, yet still be eligible to receive the maximum amount of the supplements to which they are entitled.
 - Further interactions, for instance, with eligibility for concessional health care and other government concessions have not been considered.
- The PBO assumes that the average benefit for new recipients under the policy would, on average, be half the increase in their maximum rate – \$45 per week for single parents and \$25 per week for other beneficiaries. This amount would be increased by indexation across the forward estimate years.

Aligning the income test for single parents with Parenting Payment (Single)

- Any single parent recipient with an income above the current income free area would benefit from the increase in the threshold.
 - The number of existing recipients expected to benefit from the higher income threshold estimated as a proportion of total allowance customers was based on administrative data provided by DEEWR.
- The average benefit for these parents has been estimated based on the 40 per cent taper rate and the difference between the current and proposed income free areas.

Change to indexation arrangements

- The payments and allowances in this costing have their own special appropriations. It is important to note that each special appropriation contains the main payment plus a number of smaller supplementary payments. In the majority of instances these are also indexed by changes in the CPI. Therefore, the financial impact includes the impact caused by a change to the maximum basic rate of the payment, and the impact on the supplementary payment to which a recipient of the principle payment may be entitled; for instance, Rent Assistance.

POLICY COSTING – POST ELECTION REPORT

- Typically, earnings increase at a faster rate than prices. Thus, it has been assumed that under the proposed indexation arrangements the allowance rates would move in line with MTAWWE.

Methodology

Increases to maximum rates

- The estimated impact on existing allowance recipients was calculated by multiplying current forward estimates for recipient numbers by the proposed increase in allowances.
- The STINMOD model of the tax and transfer systems was used to estimate the number of new recipients of income support payments due to the changes.
- Once the new recipient numbers were calculated, the flow-on effect to supplementary payments, service delivery and jobseeker assistance were added.

Aligning the income test for single parents with Parenting Payment (Single)

- The number of existing recipients expected to benefit from the higher income threshold estimated as a proportion of total allowance recipients was based on administrative data provided by DEEWR.
- All additional recipients identified due to the increase in maximum rates would also benefit.
- The number of additional allowance recipients expected to result from the higher income free area have also been estimated using STINMOD.

Change to indexation arrangements

- The estimates for the indexation change have been derived by scaling the current Budget forward estimates by the difference between the expected growth in MTAWWE and CPI.
- A further amount is added on to reflect the impact of indexing the increased maximum rates that have been introduced under the first part of this proposal.

Data sources

- DHS provided the unit prices for administration of income support payments.
- Forward estimates models for income support allowances, as at the 2013 Pre-Election Economic and Fiscal Outlook (PEFO), were provided by DEEWR and DIICSTRE.
- The forward estimates models for JSA and DES, as at PEFO, were provided by DEEWR.
- DEEWR provided a disaggregation of recipients of working age payments by payment rate as at March 2013.
- The STINMOD model of the tax and transfer systems, which is based on confidentialised unit record data from Australian Bureau of Statistics household surveys.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF IMPACTS

Table A1 below provides a disaggregation of the costing into individual programs. An increase in expenses has a negative impact on Budget aggregates.

The expenses for individual payment components include not only the basic payment, but also the impact on supplementary components such as Clean Energy Supplements, Rent Assistance, Pharmaceutical Allowance and the Income Support Bonus. The impact of the additional increase in payment rate for single principal carers is included under each of the relevant allowances and benefits.

Table A1: Disaggregated financial implications (outturn prices)

Impact on (\$m)	2013-14	2014-15	2015-16	2016-17	Total
Administered expenses	-	2,870	2,900	3,125	8,895
Consisting of:					
<i>Newstart Allowance</i>	-	2,110	2,035	2,175	6,320
<i>Youth Allowance (student)</i>	-	325	375	425	1,125
<i>Youth Allowance (other)</i>	-	170	175	190	535
<i>ABSTUDY (tertiary)</i>	-	15	15	15	45
<i>ABSTUDY (secondary)</i>	-	15	20	20	55
<i>Austudy</i>	-	110	125	140	375
<i>Widow Allowance</i>	-	65	65	60	190
<i>Sickness Allowance</i>	-	15	20	20	55
<i>Special Benefit</i>	-	5	10	10	25
<i>Job Services Australia</i>	-	25	40	50	115
<i>Disability Employment Services</i>	-	15	20	20	55
Departmental expenses	5	45	50	45	145
Underlying cash and fiscal balances	-5	-2,915	-2,950	-3,170	-9,040



Parliament of Australia
Parliamentary Budget Office

COSTING – POST ELECTION REPORT

Name of proposal costed:	Rewarding artists
Summary of proposal:	The proposal would provide a tax exemption for income sourced from the Australian arts awards listed in <u>Attachment A</u> , with effect from 1 July 2014.
Party:	Australian Greens
Date of public release of policy:	6 September 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$1 million over the 2013-14 Budget forward estimates period. This impact solely reflects a decrease in revenue.

This proposal will have an ongoing impact that extends beyond the forward estimates period.

Departmental expenses are not expected to be significant and have not been included in this costing.

This costing is considered to be of medium reliability. The costing is dependent on the average marginal tax rate of award recipients and growth in the annual value of the awards.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-0.5	-0.5
Fiscal balance (\$m)	-	-	-0.5	-0.5

(a) A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts in cash terms.

Key assumptions

- The PBO has applied the updated policy specification underlying the published party estimates of the cost of this proposal.
- The total value of awards within the scope of the proposal is assumed to increase in line with the Consumer Price Index.
- Under current policy settings, award recipients become liable to pay tax on prize money in the financial year following receipt of the awards, at the time they lodge their tax return.

POLICY COSTING – POST ELECTION REPORT

Methodology

For each year from 2014-15, the total annual value of the awards within the scope of the proposal was multiplied by the PBO's estimate of the average marginal tax rate. These estimates were then applied to the following financial year to account for timing considerations for the taxation of income from awards.

Data

- 2013 Pre-Election Economic and Fiscal Outlook report
- 2010-11 Taxation Statistics

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: LIST OF AWARDS WITHIN THE SCOPE OF THE PROPOSAL

- ABC Symphony Australia Young Performers Awards
- Adelaide Festival Awards for Literature
- Adelaide Perry Prize for Drawing
- Archibald Prize
- Clemenger Contemporary Art Award
- Dobell Prize for Drawing
- Glover Prize
- Keith and Elizabeth Murdoch Travelling Fellowship
- Marten Bequest Travelling Scholarship
- McCaughey Prize
- Miles Franklin Literary Award
- Mosman Art Prize
- National Aboriginal & Torres Strait Islander Art Award
- National Operatic Aria
- NSW Premier's Awards
- Patrick White Literary Award
- Portia Geach Memorial Award
- Queensland Literary Awards
- Sulman Prize
- Stella Prize
- Tasmanian Literary Prizes
- Victorian Premier's Literary Awards
- Western Australian Premier's Awards
- Wynne Prize



COSTING – POST ELECTION REPORT

Name of proposal costed:	Screen Package
Summary of proposal:	<p>This proposal has two parts:</p> <ul style="list-style-type: none"> • Part 1 – Increase the location-tax offset from 16.5 per cent to 30 per cent of qualifying expenditure, and • Part 2 – Increase the producer offset for television productions from 20 per cent to 40 per cent of qualifying expenditure. <p>The proposal would have effect from 1 July 2014.</p>
Party:	Australian Greens
Date of public release of policy:	15 February 2013
Agencies from which information was obtained:	Not applicable

Costing overview

Part 1 – Increase the location tax offset to 30 per cent

This proposal is expected to decrease the underlying cash balance by \$18 million and decrease the fiscal balance by \$27 million over the 2013-14 Budget forward estimates period. The amount is classified as expenditure as the location tax offset is refundable.

Departmental expenses are expected to be minimal and have not been included in this costing.

This proposal would have an ongoing impact that extends beyond the forward estimates period.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of a timing difference between when the film becomes eligible to receive the offset and when the company can claim the offset. The fiscal balance impact arises when the company becomes eligible for the offset when production ceases on the film but the underlying cash impact arises when they lodge their tax return in the following financial year.

This costing is considered to be of low reliability. It is based on historical data of the total expenditure on foreign film production in Australia (published by Screen Australia) which is highly volatile. Reliable disaggregated information on the actual value of the location tax offset claimed in previous years is unavailable due to taxpayer confidentiality.

POLICY COSTING – POST ELECTION REPORT

Table 1: Financial implications – location tax offset (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-9	-9
Fiscal balance (\$m)	-	-9	-9	-9

(a) A negative number for the fiscal balance indicates an increase in expenditure in accrual terms. A negative number for the underlying cash balance indicates an increase in payments in cash terms.

Part 2 – Increase the producer tax offset for television content

This proposal is expected to decrease the underlying cash balance by \$140 million and decrease the fiscal balance by \$210 million over the 2013-14 Budget forward estimates period. The amount is classified as expenditure as the producer tax offset is refundable.

Departmental expenses are expected to be minimal and have not been included in this costing.

This proposal would have an ongoing impact that extends beyond the forward estimates period.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of a timing difference between when the television production becomes eligible for the offset and when the company can claim the offset. The fiscal balance impact arises when the company becomes eligible for the offset upon completion of the production but the underlying cash impact arises when they lodge their tax return in the following financial year.

This costing is considered to be of medium reliability. It is based on historical data of the value of the annual offset for television production (published by Screen Australia) and on a number of assumptions.

Table 2: Financial implications – producer tax offset (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-70	-70
Fiscal balance (\$m)	-	-70	-70	-70

(a) A negative number for the fiscal balance indicates an increase in expenditure in accrual terms. A negative number for the underlying cash balance indicates an increase in payments in cash terms.

Key assumptions – parts 1 & 2

The PBO has made the following assumptions regarding this proposal:

- The PBO has applied the policy specification underlying the published party estimates of the cost of these proposals.
- The proposals would apply from 1 July 2014.
- Current qualifying thresholds for the producer offset would remain unchanged.
- All figures in this costing have been rounded to the nearest \$1 million.

POLICY COSTING – POST ELECTION REPORT

- The projected amount of production expenditure on foreign films that is eligible for the location tax offset is based on historical average amounts.
- The projected value of the producer offset is assumed to grow in line with GDP.
- Claims for both the location tax offset and producer's tax offset are expected to be made by companies in the year following the completion of production.
- A behavioural response to the increase in the location tax offset has been included in the costing. It is assumed that the proposal would attract foreign film productions to Australia that would have otherwise been filmed elsewhere.
 - The behavioural response is based on the after tax benefit to claimants and an assumed price elasticity of -0.5.

Methodology

Location tax offset

The cost of this proposal represents the estimated difference between the value of offsets claimed at the current 16.5 per cent rate compared to the value of offsets claimed (including behavioural response) at the proposed 30 per cent rate.

Producer tax offset

The cost of this proposal represents the estimated difference between the value of offsets claimed at the current 20 per cent rate compared to the proposed 40 per cent rate.

Both parts of this costing have been compared to historical information on the value of total film tax offsets claimed (including the location, producer and post digital and visual effects tax offsets) as published in the Australian Taxation Office's 2010-11 Taxation Statistics publication. However, disaggregated information on the individual film tax offsets is not available and as such this information provides only a broad indication of the potential cost of these proposals.

Data sources

- Screen Australia Annual Reports, various years.
- Taxation Statistics 2010-11.



Parliament of Australia
Parliamentary Budget Office

COSTING – POST ELECTION REPORT

Name of proposal costed:	Reform taxation of trusts (excluding farming trusts)
Summary of proposal:	The proposal would tax discretionary trusts like companies, except those set up by farmers.
Party:	Australian Greens
Date of public release of policy:	2 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

Reforming the taxation of trusts is expected to increase the underlying cash and fiscal balances by \$2.4 billion over the 2013-14 Budget forward estimates period. This is largely due to an increase in revenue.

The gain in revenue mainly reflects an increase in the effective tax rate that applies to income under this proposal. For example, non-residents currently pay relatively low rates of withholding tax on their interest, unfranked dividends and other business income and in most cases pay no tax on capital gains or receive the capital gains tax discount in the case of property investments. Under this proposal, non-residents would pay the company tax rate on their share of such trust income at the trust level and the subsequent 'franked' dividend distributions would be exempt from withholding tax. This increases the effective tax rate applicable to these taxpayers.

This proposal would have an ongoing impact that extends beyond the forward estimates period.

The PBO has estimated departmental expenses under this proposal to be \$20 million per annum for five years, from 2013-14. This is based on the cost of implementing other large-scale proposals that have recently been estimated by the Australian Taxation Office (ATO), such as the 'standard deductions for work-related expenses' and 'resource super profits tax' measures in the 2010-11 Budget.

This costing is considered to be of low reliability. The model relies on several assumptions and aggregate trust distribution data. Possible behavioural responses to this proposal are extremely uncertain.

Table 1: Financial implications – Reform taxation of trusts (excluding farming trusts) (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$b)	..	0.6	0.9	0.9
Fiscal balance (\$b)	..	0.6	0.9	0.9

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.
- Farming trusts would continue to be taxed under existing arrangements. Amounts reported against the primary production trust distributions tax return label represent the amounts attributed to farming. These amounts were excluded under this proposal.
- The proposal would have effect from 1 July 2014.
- The modelling includes trust income from interest, dividends, capital gains and general sources.
- Trust income is distributed in the following way:
 - 30 per cent to individuals (of which 70 per cent are Australian residents and 30 per cent are non-residents)
 - 20 per cent to superannuation funds, and
 - 50 per cent to companies.
- Taxing discretionary trusts as companies would mean that the imputation system for franked dividends would also apply to trust distributions.
- The PBO has assumed that 50 per cent of income would be retained in trusts.
 - This would mean that 100 per cent of the trust income is taxed at the company tax rate, however, only 50 per cent of the after-tax amount would be distributed to beneficiaries as a 'dividend', which would be eligible for franking credits, as per the company tax arrangements.
- Superannuation funds currently have a tax rate of 15 per cent and would generally receive a refund of half the tax paid at the 30 per cent rate through the imputation system. If superannuation funds were to invest in trusts which do not distribute 100 per cent of their income, they would not be able to access refunded imputation credits and would face an effective tax rate of 30 per cent on undistributed income. Under this proposal, it is assumed that superannuation funds would only invest in trusts that distribute 100 per cent of their income and would therefore continue to be taxed at 15 per cent under this proposal.
- Trusts would pay tax on a quarterly basis. This means that trusts would pay only three-quarters of their 2014-15 tax liability in 2014-15 and one-quarter in 2015-16.
- Estimates have been rounded to the nearest \$100 million.

Methodology

The underlying cash and fiscal balance savings for this proposal were estimated by calculating the tax revenue to be paid by trusts at the company tax rate and the tax paid by beneficiaries on their distributions under the proposal, less the amount of base tax to be paid on distributions from trusts that is expected to be collected over the same period.

POLICY COSTING – POST ELECTION REPORT

Data sources

- Trust distribution data from ATO Taxation Statistics, 2005-06 to 2010-11.
- Australian tax treaties data from the Treasury website.
- International investment data from the Australian Bureau of Statistics Cat. No. 5352.0, International Investment Position, Australia: Supplementary Statistics, 2012, 2 May 2013.
- Taxation parameters from the 2013 Pre-Election Economic and Fiscal Outlook report.



COSTING – POST ELECTION REPORT

Name of proposal:	Reform capital gains tax through a 10% reduction in concession
Summary of proposal:	<p>The proposal would reduce the capital gains tax (CGT) discount for individuals and trusts from 50 to 40 per cent.</p> <p>For capital gains on taxpayers' assets purchased on or after 11:45 am Australian Eastern Standard Time on 21 September 1999, this would result in tax being levied on 60 per cent of the nominal net capital gain. For assets purchased prior to this date, taxpayers may instead choose for tax to be levied on the difference between the disposal price and the indexed cost base.</p> <p>The proposal would have effect from September 2013.</p>
Party:	Australian Greens
Date of public release of policy:	2 August 2013
Agencies from which information was obtained:	The Treasury

Costing overview

This proposal would increase both the underlying cash and fiscal balances by approximately \$3.4 billion over the 2013-14 Budget forward estimates period. These impacts are almost entirely due to an increase in revenue.

The proposal would have an ongoing impact that extends beyond the forward estimates period.

As the proposal would apply from announcement, there is no allowance in the costing for taxpayers to change their behaviour and “bring forward” capital gains to take advantage of the larger discount prior to the start date. For the 2013-14 tax year, it has been assumed that realisation of capital gains is distributed evenly across the year.

The estimate includes estimated departmental expenses of \$3 million in 2013-14 and \$2 million in 2014-15. This would allow the Australian Taxation Office (ATO) to undertake an information and education campaign.

This costing is considered of low-medium reliability, due to the level of uncertainty in forecasting CGT revenue and any behavioural response to the policy change.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-3	798	1,200	1,400
Fiscal balance (\$m)	-3	798	1,200	1,400

(a) A positive number for the fiscal balance indicates an increase in revenue or expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or payments in cash terms.

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.
- The first year impact has been estimated based on the assumption that capital gains are realised evenly across the financial year.
- A behavioural response to the decrease in the CGT concession has been incorporated into this costing. As a result of the smaller CGT concession, the PBO expects:
 - some investment to shift from assets on which the CGT discount can be applied (CGT assets) to other assets, and
 - investors who invest in CGT assets subject to the CGT will trade those assets less frequently.
- An average marginal tax rate for individuals claiming net capital gains has been estimated based on historic tax data, expected future income growth and announced future changes to tax rates.

Methodology

- The amount of assessable income from capital gains has been estimated for each year of the 2013-14 Budget forward estimates, based on current revenue estimates and projections of CGT.
- This base level of CGT activity has been adjusted based on the behavioural assumptions.
- An estimated average tax rate has been levied on 60 per cent of the revised net capital gains income, to give the estimated revenue under the proposal.
- The effect on revenue is estimated by taking the difference between this estimate and current CGT revenue forecasts and projections.
- This impact is adjusted to reflect that CGT revenue is collected when individuals lodge their income tax return. This means that the financial impacts occur in the financial year following the year in which the taxpayer sells the asset.
- Departmental expenses have been estimated based on amounts allocated to the ATO for similar recent measures, including the *Means-testing of government support – expanded definitions of income* to include reportable fringe benefits from the 2008-09 Budget and *Monthly PAYG instalments* for large companies from the 2012-13 Mid-Year Economic and Fiscal Outlook.
- Estimates of revenue have been rounded to the nearest \$50 million and departmental expense estimates to the nearest \$1 million.

POLICY COSTING – POST ELECTION REPORT

Data sources

- The Treasury provided the model used in estimating the tax expenditure associated with the CGT discount for individuals and trusts in the 2012 Tax Expenditure Statement and estimates and projections of revenue from CGT for years in the 2013-14 Budget forward estimates period, consistent with the 2013 Pre-Election Economic and Fiscal Outlook.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Re-directing Private Health Insurance over three years
Summary of proposal:	<p>The proposal is to phase-out the Private Health Insurance Rebate (PHIR). Changes would begin to apply from 1 July 2014.</p> <p>The policy parameters for the rebate under the proposal across the 2013-14 Budget forward estimates period are outlined in Table 1.</p> <p>The Medicare Levy Surcharge (MLS) would also be abolished from 1 July 2014.</p>
Party:	Australian Greens
Date of public release of policy:	2 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • The Treasury • Australian Taxation Office • the then Department of Health and Ageing, and • Department of Human Services.

Overview of costing

This proposal would be expected to increase the underlying cash balance by approximately \$10.2 billion over the 2013-14 Budget forward estimates period. This impact reflects a decrease in payments of approximately \$10.8 billion partially offset by a decrease in receipts of \$595 million.

The proposal would be expected to increase the fiscal balance by approximately \$10.9 billion over the same period. This reflects a decrease in expenses of approximately \$11.5 billion and a decrease in revenue of \$595 million.

Table 1 outlines the income thresholds for the PHIR tiers and the standard rates of the rebate under the proposal. The income thresholds that would apply from 1 July 2014 are the income thresholds applicable for 2013-14. As is currently the case, policies covering individuals aged 65 and over and attracting a non-zero rate of rebate are entitled to a have an additional five per cent of their base premium covered by the rebate. Similarly, policies covering individuals aged 70 and over are entitled to a further five per cent rebate. Income thresholds would continue to be raised by \$1,500 for each dependent child after the first.

POLICY COSTING – POST ELECTION REPORT

Table 1: Private Health Insurance Rebate Policy Specification

Tier	Upper income threshold		Proportion of base premium rebated (%)		
	Single	Family	2014-15	2015-16	2016-17
-	\$88,000	\$176,000	20	10	-
1	\$102,000	\$204,000	10	-	-
2	\$136,000	\$272,000	-	-	-
3	-	-	-	-	-

The financial impacts of these proposals include both revenue and expense impacts. The revenue impact is due to the abolition of the MLS and the expense impact is largely due to the abolition of the PHIR. A disaggregation of the impact into administered expenses, departmental expenses and revenue is included in [Attachment A](#).

The impact in 2016-17 is reflective of the ongoing impact.

The estimates in this costing include an allowance for behavioural responses as taxpayers reduce private health insurance in response to the decreased private health insurance concessions.

The costing includes additional departmental expenses of \$32 million over the 2013-14 Budget forward estimates. This includes allowances for communication with stakeholders, an information campaign and preparation of legislation. This is not indicative of the long run impact of the proposal, which is estimated to reduce departmental expenses by approximately \$3 million per annum after the abolition of the rebate, due to reduced administrative costs.

This costing is considered to be of low to medium reliability. The estimates are based on projected average health insurance premiums and income distributions of individuals and couples with and without private health insurance (PHI) cover. The estimates only relate to the financial impact of decreasing the PHIR and abolishing the MLS, they do not include any estimate of flow-on impacts to public health expenditure.

Table 2: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-12	1,763	3,334	5,123
Fiscal balance (\$m)	-12	2,003	3,554	5,338

(a) A positive number for the fiscal balance indicates a decrease in expenses or an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates a decrease in payments or an increase receipts in cash terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or increase in payments in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of this proposal.
- The costing assumes that individuals have a negative price elasticity of PHI demand which varies according to income, with higher income policy holders being less price responsive than those on low incomes. The PBO estimates that there would be a decrease in PHI take-up as a result of the proposal.
- The majority of PHIR expenses administered by the then Department of Health and Ageing (DoHA) are delivered in the same financial year in which they accrue, with a small proportion delivered in the following financial year. PHIR expenses administered by the Australian Taxation Office are delivered in the financial year after they accrue, at the time individuals lodge their tax returns.
- MLS revenue is collected over the two years after the liability is incurred, at the time individuals lodge their tax returns.
- The policy will be implemented such that policy holders will not be able to pre-pay premiums to take advantage of the more generous rebate.

Methodology

The proposals were estimated using the PBO's PHIR and MLS simulation model. The model is based on projected income distributions of individuals and families with and without PHI which have been generated based on de-identified 2010-11 personal income tax data. Average PHI premiums were estimated using data from the Private Health Insurance Administration Council and forecast over the forward estimates period.

The potential MLS liabilities and values of the PHIR were estimated under the base policy settings and again under the proposals. PHI demand elasticities were then applied to the percentage changes in both the net PHI premium costs and MLS liabilities to estimate the behavioural response resulting from the policy change. The total PHIR expense and MLS revenue estimates under the proposal were then compared to the total under the base scenario to determine the cost of the policy.

Estimates for administered expenses and revenue have each been rounded to the nearest \$5 million per year. Estimates for departmental expenses have been rounded to the nearest \$1 million.

Data sources

- Private Health Insurance Administration Council – *Private Health Insurance Australia – Quarterly Statistics, March 2013*
- The ATO and DoHA provided an update of the forward estimates for the PHIR as at the 2013 Pre-Election Economic and Fiscal Outlook.
- The Department of Human Services and DoHA have provided information on the departmental expenses associated with changes to the rebate.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DISAGGREGATION OF COSTING

The detailed financial implications over the 2013-14 Budget forward estimates are summarised in Table A1 below.

A negative expense estimate indicates a reduction in expenses, while a negative revenue estimate reflects a reduction in revenue. The effect on Budget aggregates is the revenue impact less the expense impact.

Table A1: Financial implications

Impact on	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Underlying cash balance	-12	1,763	3,334	5,123	10,208
<i>Administered payments</i>	-	-1,775	-3,620	-5,440	-10,835
<i>Program support</i>	12	12	11	-3	32
<i>Receipts</i>	-	-	-275	-320	-595
Fiscal balance	-12	2,003	3,554	5,338	10,883
<i>Administered expense</i>	-	-2,015	-3,840	-5,655	-11,510
<i>Program support</i>	12	12	11	-3	32
<i>Revenue</i>	-	-	-275	-320	-595



COSTING – POST ELECTION REPORT

Name of proposal costed:	Lift overseas aid to 0.7% GNI and oppose cuts
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> reverse the cuts to Official Development Assistance (ODA) included in the 2013 Economic Statement, increase ODA to 0.5 per cent of Gross National Income (GNI) by 2015-16 and 0.7 per cent of GNI by 2020-21, and establish an Office for Aid Effectiveness. <p>The proposal would commence in 2013-14.</p>
Party:	Australian Greens
Date of public release of policy:	3 September 2013
Agencies from which information was obtained:	Department of Foreign Affairs and Trade (DFAT)

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$5.9 billion over the 2013-14 Budget forward estimates period. This impact is due to an increase in expenses. This proposal will have an ongoing impact that extends beyond the forward estimates period. A detailed breakdown of the components of the costing is included at [Attachment A](#).

Departmental costs are expected to be significant due to the need to administer the large increase in ODA funding required to meet the targets. Based on current estimates, it is expected that departmental costs will account for approximately \$295 million of the increase in expenses over the 2013-14 Budget forward estimates period.

Departmental funding of \$0.5 million has been allocated in 2013-14 for the fit-out costs associated with establishing a new Office for Aid Effectiveness.

This costing is considered to be of high reliability as it is based on set targets and a limited number of assumptions.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-420.5	-1,080.0	-1,855.0	-2,530.0
Fiscal balance (\$m)	-420.5	-1,080.0	-1,855.0	-2,530.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has made the following assumptions in costing this proposal:

- The ODA/GNI ratio will increase on a straight line basis each year until it reaches 0.5 per cent in 2015-16 and then 0.7 per cent in 2020-21.
- DFAT's departmental costs relating to the lifting of ODA target are equal to six per cent of the change in total ODA funding in 2013-14 and 2014-15, and decline to five per cent of the change in total ODA as per the commitment in *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16* (8 May 2012).
- Setup costs for the establishment of the Office of Aid Effectiveness would be \$0.5 million. This amount is consistent with other measures, including the establishment of the National Mental Health Commission.
- The existing resourcing for the Office of Development Effectiveness would be sufficient to accommodate the ongoing operating costs of the new body.

Methodology

The baseline ODA and GNI estimates for financial years 2013-14 onwards were obtained from DFAT. The baseline includes the cuts to ODA included in the 2013 Economic Statement, which were reversed to form part of the impact of this proposal.

The ODA/GNI ratios required to reach 0.5 per cent of GNI by 2015-16 and 0.7 per cent of GNI by 2020-21 were calculated on a straight line basis. The ratios for each year were then multiplied by the corresponding GNI estimate to calculate new ODA spending estimates to achieve the targets proposed. The baseline ODA estimates were subtracted from the new estimated ODA levels to obtain the impact of the proposal.

Data sources

- DFAT
 - Estimated ODA and GNI at the 2013 Pre-Election Economic and Fiscal Outlook
- *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16* (8 May 2012)
<http://www.usaid.gov/au/Publications/Pages/comprehensive-aid-policy-framework.aspx>
- 2013 Economic Statement, p.58
 - Official Development Assistance – slowing growth to 2017-18

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DETAILED BREAKDOWN OF THE COSTING

Components of costing ^(a)	2013-14	2014-15	2015-16	2016-17
Reversal of cuts to ODA included in the 2013 Economic Statement (\$m)	-	-	-168.4	-710.1
Increase of ODA target (\$m)	-420.0	-1,080.0	-1,686.6	-1,819.9
Establishment of the Office of Aid Effectiveness (\$m)	-0.5	-	-	-
Total	- 420.5	-1,080.0	-1,855.0	-2,530.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Oppose public service cuts
Summary of proposal:	The proposal would reverse the 2013 Economic Statement measure <i>Efficiency Dividend – temporary increase in the rate</i> that increased the public service efficiency dividend to 2¼ per cent for three years from 1 July 2014. This proposal would have effect from 1 July 2014.
Party:	Australian Greens
Date of public release of policy:	2 August 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$1.8 billion over the 2013-14 Budget forward estimates period. This is entirely due to an increase to expenses. This proposal will have an ongoing impact that extends beyond the forward estimates period.

The costing is considered to be of high reliability as it is based on reversing the *Efficiency Dividend – temporary increase in the rate* measure as published in the 2 August 2013 Economic Statement.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-261.5	-588.8	-972.0
Fiscal balance (\$m)	-	-261.5	-588.8	-972.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Data sources

2 August Economic Statement:

http://www.budget.gov.au/2013-14/content/economic_statement/download/06_App_B.pdf



Parliament of Australia
Parliamentary Budget Office

COSTING – POST ELECTION REPORT

Name of proposal costed:	Dying with Dignity
Summary of proposal:	The proposal would provide a national Dying with Dignity legislative framework similar to the Northern Territory <i>Rights of the Terminally Ill Act 1995</i> . The intention of the proposal is to allow medically supervised assisted suicide under controlled circumstances. The proposal would have effect from 1 July 2014.
Party:	Australian Greens
Date of public release of policy:	15 August 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is not expected to impact on the underlying cash and fiscal balances. The PBO considers this activity to be a core departmental function of the Attorney-General's Department and estimates that the departmental expenses associated with this proposal would not be significant.

This costing is considered to be of high reliability as any associated departmental costs would be accommodated within the existing resources of the Attorney-General's Department.

Table 1: Financial implications (outturn prices)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-	-	-
Fiscal balance (\$m)	-	-	-	-



COSTING – POST ELECTION REPORT

Name of proposal costed:	Fuel efficient cars
Summary of proposal:	<p>The proposal would phase in a fuel efficiency standard of 95g CO₂/km for new cars and 147g CO₂/km for new light commercial by 2023.</p> <p>The proposal would also apply a standard of 90g CO₂/km to the Australian Government's car fleet by 2023.</p> <p>The proposal would have effect from 1 July 2014. The standard would be phased in gradually to 2023.</p>
Party:	Australian Greens
Date of public release of policy:	24 July 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$140 million over the 2013-14 Budget forward estimates period. This impact reflects a decrease in revenue from reduced fuel excise revenue of \$145 million and a decrease in government expenditure on fuel for its vehicle fleet of \$5 million over this period.

The proposal would have substantial financial impacts beyond the forward estimates period. These impacts would increase over time as the number of fuel efficient vehicles on the road increases.

Departmental costs are not expected to be significant and have not been included in the costing.

The financial impact of this proposal includes a number of components including reduced revenue from a reduction in fuel excise as vehicles become relatively more fuel efficient (and use less fuel) and reduced expenditure as the government spends less on fuel. The proposal would also include a reduction in GST revenue of around \$50 million from lower petrol use over the 2013-14 Budget forward estimates period. However, this would be entirely offset by reduced GST payments to the States and Territories.

A detailed breakdown of the components of the costing is included at [Attachment A](#).

This costing is considered to be of low reliability as it based on a number of assumptions and limited data on sales of light commercial vehicles.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	- 10	- 40	-90
Fiscal balance (\$m)	-	-10	-40	-90

(a) A negative number for the fiscal balance indicates a net decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a net decrease in receipts in cash terms.

Key assumptions

- The PBO has applied the policy specification underlying the published party estimates of the cost of these proposals.
- The emissions standard is assumed to be phased in linearly between 1 July 2014 and 30 June 2023. The standard is reduced by around 9g CO₂/km per year for cars, 11g CO₂/km per year for light commercial vehicles and 12g CO₂/km per year for government vehicles.
- The fuel efficiency standard applies only to new vehicle purchases.
- The emissions standard would, consistent with the European approach, be an average emissions level for new vehicles sold and not an upper limit.
- The number of new vehicles estimated to be purchased in each year grows each year in line with the historical trend.
- The PBO has assumed that all vehicles subject to the emissions standards would be subject to the full rate of fuel excise on the fuel they use (that is 38.143 cents per litre).
- The reduction in fuel use is offset by 10 per cent to reflect individuals driving fuel efficient vehicles more than they would have driven less fuel efficient vehicles. This is consistent with the offset that the United States Environmental Protection Agency estimated when examining similar standards in the US.
- It is assumed that individuals, businesses and the government spend the same amount on purchasing fuel efficient vehicles as they would have spent on less fuel efficient vehicles.

Methodology

The PBO estimated the reduction in fuel used for new cars and light commercial vehicles (purchased after 1 July 2014) under current policy settings and under the proposed fuel efficiency standard. The reduction in fuel use was multiplied by the relevant fuel excise rate to calculate the reduction in revenue.

The estimated reduction in Government expenditure on fuel use was calculated by multiplying an average forecast fuel price to estimate the total reduction in fuel costs.

All estimates have been rounded to the nearest \$5 million.

POLICY COSTING – POST ELECTION REPORT

Data sources

Passenger vehicle sales data was obtained from the Australian Bureau of Statistics (ABS) – *Sales of New Motor Vehicles*, April 2013.

Light commercial vehicle sales data was obtained from the Federal Chamber of Automotive Industries website.

Information on fuel use was obtained from the ABS – *Survey of Motor Vehicle Use, Australia*, 12 months ended 30 June 2012.

Information on historical average emissions from passenger vehicles, light commercial vehicles and government vehicles was obtained from the National Transport Commission (NTC) – *Carbon dioxide emissions from New Australian Vehicles 2012 – Information Paper*, March 2013.

Fuel price data was obtained from the Australian Institute of Petroleum website.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: DETAILED FINANCIAL IMPLICATIONS

Table 1: Detailed financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Reduction in fuel excise revenue				
Underlying cash balance (\$m)	-	-10	-40	-95
Fiscal balance (\$m)	-	-10	-40	-95
Reduction in Government expenditure on fuel				
Underlying cash balance (\$m)	-	5
Fiscal balance (\$m)	-	5
Reduction in GST revenue				
Underlying cash balance (\$m)	-	..	-15	-35
Fiscal balance (\$m)	-	..	-15	-35
Reduction in GST expenditure to States and Territories				
Underlying cash balance (\$m)	-	..	15	35
Fiscal balance (\$m)	-	..	15	35
Net impact of the proposal				
Underlying cash balance (\$m)	-	-10	-40	-90
Fiscal balance (\$m)	-	-10	-40	-90

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue in cash terms. A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue in cash terms. “..” means not zero, but rounded to zero. Estimates rounded to the nearest \$5 million. Figures may not add due to rounding.



COSTING – POST ELECTION REPORT

Name of proposal costed:	National Capital Authority: restore funding
Summary of proposal:	The proposal would restore funding to the National Capital Authority (NCA) to 2007-08 levels (prior to the 2008-09 Budget savings measures). The proposal would have effect from 1 July 2014.
Party:	Australian Greens
Date of public release of policy:	4 September 2013
Agencies from which information was obtained:	Not applicable

Costing overview

The proposal would restore departmental funding for the NCA to 2007-08 levels (indexed), as estimated prior to the 2008-09 Budget savings measures.

This proposal is expected to decrease the underlying cash and fiscal balances by \$16.3 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

The costing is considered to be of high reliability as the estimates use known expenditure levels and indexation rates.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-5.7	-5.4	-5.2
Fiscal balance (\$m)	-	-5.7	-5.4	-5.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

The PBO has assumed that:

- restoring the NCA to 2007-08 funding levels in 2014-15, means that the proposal would provide departmental funding for the NCA for 2014-15 that would be equivalent to the real value of 2007-08 departmental funding, and
- from that point onwards, NCA departmental funding would be subject to wage cost indexation and the efficiency dividend.

POLICY COSTING – POST ELECTION REPORT

Methodology

The 2007-08 departmental expenses from the then Department of Transport and Regional Services 2007-08 Portfolio Budget Statements were indexed to calculate the proposed level of funding for the NCA in 2014-15. This amount was then indexed each year and the efficiency dividend applied to arrive at the proposed level of departmental funding across the 2013-14 Budget estimates period. The current levels of departmental expenses as at the 2013 Pre-Election Economic and Fiscal Outlook (PEFO) were then deducted from the proposed level of funding to obtain the costing estimates.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Re-powering social housing
Summary of proposal:	<p>The proposal would provide, over a 10 year period, \$3,000 to every household in social housing to be spent on a 1.5kW photovoltaic (PV) panel, insulation, energy and water efficiency initiatives, fixed heating, food gardens, and other initiatives. It would also include a training, employment and education component.</p> <p>The Commonwealth Government would fund 50 per cent of the costs.</p> <p>The proposal would have effect from 2013-14 and terminate on 30 June 2023.</p>
Party:	Australian Greens
Date of public release of policy:	3 September 2013
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$313.2 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. Funding for this proposal would terminate on 30 June 2023.

This proposal would involve expenditure of \$78.3 million per annum for 10 years.

The PBO has included a small allocation for departmental funding in the costing to implement and manage the new program which would be part of the National Affordable Housing Agreement.

This costing is considered to be of medium reliability. The estimates are based on 2010-11 and 2011-12 data from the Report on Government Services 2013 (the 2013 Report) and used the number of Indigenous Community Housing dwellings as a proxy for the number of Indigenous Community Housing households because that data was not available.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-78.3	-78.3	-78.3	-78.3
Fiscal balance (\$m)	-78.3	-78.3	-78.3	-78.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

(b) Figures may not sum to total due to rounding.

POLICY COSTING – POST ELECTION REPORT

Key assumptions

The PBO has made the following assumptions in calculating the estimated impact of this proposal:

- total households in social housing include the following data categories:
 - public housing
 - State Owned and Managed Indigenous Housing (SOMIH)
 - community housing, and
 - Indigenous community housing
- the number of Indigenous community housing dwellings is used as a proxy for the number of Indigenous community housing households because there is no data available for the number of households
- per annum growth in the number of households in public housing, SOMIH and community housing is based on the average growth rate of households over the period 2007-08 to 2011-12
- per annum growth in the number of households in Indigenous community housing is based on the average growth rate of dwellings over the period 2007-08 to 2010-11
- additional funding for two full-time-equivalent (FTE) staff would be required to implement and manage the program, noting that the payment of individual grants would be administered by States and Territories
- the funding to States and Territories each year would be based on grant payments to an equal number of households per annum, based on the total number of households by the end of the 10 year period, and
- the funding to States and Territories is based on the grant per household remaining fixed over the 10 year period.

The PBO has not made an assessment about whether the grant of \$3000 per household is sufficient to fully fund the proposed initiatives.

Methodology

The estimates in this costing are based on the social housing data in the 2013 Report. The estimated financial impact over the 10 year period was calculated by multiplying the estimated total number of households in social housing in Australia in 2022-23 by the fixed grant amount of \$3,000 per household. The total number of households in 2022-23 was derived by applying an average growth rate based on trend growth in households. The number of households per year receiving the grant was determined by profiling the total number of households in 2022-23 across the 10 year period of the proposal.

Data sources

The data source used for this costing is the 2013 Report on Government Services

- Table 16A.3: number of social housing dwellings at 30 June, and
- Table 16A.4: number of households in social housing at 30 June.



COSTING – POST ELECTION REPORT

Name of proposal costed:	Paid Parental Leave scheme
Summary of proposal:	<p>The proposal would replace the current Paid Parental Leave (PPL) scheme with the following elements:</p> <p>Part 1: Provide 26 weeks PPL, to be paid at the greater of the National Minimum Wage (NMW) or the primary carer's replacement wage (capped at a maximum salary of \$100,000 per annum). The scheme would also include superannuation contributions at the superannuation guarantee rate.</p> <p>For partnered parents, an additional two weeks would be available as paid partner leave at the greater of the NMW or 100 per cent of the partner's replacement wage (capped at a maximum salary of \$100,000 per annum).</p> <p>Payments would be made through the Department of Human Services.</p> <p>Part 2: Impose a 1.5 per cent levy on that part of company taxable income over \$5 million. This levy would generate franking credits.</p> <p>The proposal would have effect from 1 July 2014.</p>
Party:	Australian Greens
Date of public release of policy:	23 July 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • The former Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and • Department of Human Services (DHS)

Costing overview

The proposal is estimated to decrease the underlying cash balance by around \$2.55 billion over the 2013-14 Budget forward estimates period. Over the same period, this proposal is expected to decrease the fiscal balance by around \$2.52 billion.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	190	-1,735	-615	-385
Fiscal balance (\$m)	190	-1,715	-605	-385

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments in cash terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.

The financial impact of the proposal in the forward estimates period is not indicative of its longer term ongoing impact as it is significantly affected by the timing of collections of the levy on company taxable incomes in the initial period of operation. The proposal would have an ongoing net negative impact beyond the forward estimates period of around \$600 million per year.

Part 1: Paid Parental Leave.

The proposed extension to the PPL program is expected to decrease the underlying cash balance by around \$7.25 billion and decrease the fiscal balance by \$7.22 billion over the 2013-14 Budget forward estimates period.

The underlying cash balance impact of this part reflects an increase in expenditure of \$9.76 billion and an increase in receipts of \$2.51 billion over the 2013-14 forward estimates period. The fiscal balance impact reflects an increase in expenses of \$9.73 billion and an increase in revenue of \$2.51 billion over this period. A further disaggregation of Part 1 of the costing can be found at [Attachment A](#).

These impacts would be ongoing beyond the 2013-14 forward estimates period.

The proposed PPL scheme would result in increased expenses for the PPL program, primarily reflecting the higher level of payments under the scheme, but also because more families will choose to receive PPL in preference to the alternative Family Tax Benefit (FTB) supplement. This increased expense will be partially offset by a reduction in payments of FTB Parts A and B.

As PPL payments are taxable, the increased expense of the scheme will also be partially offset by increased personal income tax revenue. Contributions tax would also be collected on the superannuation payments made under the scheme. The inclusion of superannuation in the PPL scheme would also result in increased expenses due to additional Low Income Superannuation Contribution (LISC) payments made in respect to these contributions.

Part 1 of the costing includes departmental costs of \$35 million over the 2013-14 forward estimates period. This estimate reflects a number of factors: an information campaign, IT changes to make systems compatible with paying PPL at a rate proportional to the recipients' replacement wage, additional upfront costs to clarify a person's replacement wage when they apply for PPL, additional transactional costs associated with paying PPL for 26 weeks rather than 18 and also making payments to superannuation funds. These estimates have been based on consultation with the Department of Human Services and expenditure on advertising for recent changes to family payments, such as the Schoolkids Bonus and the Clean Energy Future Household Assistance Package.

POLICY COSTING – POST ELECTION REPORT

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to the FTB supplement and lump sum FTB payments, along with LISC payments being made in the year following the liability being accrued.

The estimates in this costing differ from the costing prepared by the PBO during the election caretaker period (GRN011). The PBO has revised its estimates of the incomes of secondary carers. This impacts the degree to which families take up the optional secondary carer component of the scheme.

The cost of the proposal is lower in the first year as some recipients of the payment who have their child in 2014-15 will not receive their entire 26 weeks' worth of payments in this financial year. The estimated saving from the current PPL scheme in 2014-15 is less than the current expense estimate for the program in that year. This reflects the fact that some families who have a child in 2013-14 would still complete their PPL period under the old scheme in 2014-15.

The costing estimate for Part 1 is considered to be of low to medium reliability, as the costing is based on heavily aggregated data and reliant on several assumptions. The estimates in this costing are sensitive to changes in the National Minimum Wage, fertility rates, the participation of women in the labour market, and the wages primary carers (and their partners) earn.

Part 2: 1.5 per cent levy on that part of company taxable income over \$5 million – levy generates franking credits

Imposing a 1.5 per cent levy on that part of a company's taxable income over \$5 million with the levy generating franking credits would increase both the underlying cash and fiscal balances by \$4.7 billion over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in revenue. Detailed financial implications for Part 2 are included at [Attachment B](#).

These impacts will be ongoing beyond the 2013-14 forward estimates period.

Departmental expenses are expected to be minimal for Part 2 of this proposal and have not been included in this costing.

The costing of Part 2 is considered to be of medium reliability as modelling is based on historical tax data and several assumptions. Possible behavioural responses to this part of the proposal are uncertain.

Key assumptions

The PBO has made the following assumptions regarding this costing.

Part 1: PPL

General assumptions

- The grouped data approach used to model the policy cannot capture the full level of diversity in the population. The model works under the assumption that the outcome for an average person in each group represents the average outcome for the group.
- The transaction costs for making PPL payments through employers are assumed to be equivalent to those incurred by paying PPL through DHS.

POLICY COSTING – POST ELECTION REPORT

Income distribution of PPL recipients

- The income distribution of new mothers has been based on aggregated data on the distribution of adjusted taxable incomes of PPL recipients in the first eleven months of 2012-13.
- These incomes have been grown in line with average weekly earnings.
- An assumption has been made about the proportion of eligible families that have partnered parents as well the average incomes of the partners. These assumptions have been made based on analysis of unit record data from the 2009-10 Survey of Income and Housing.
- Assumptions have also been made regarding the amount of time primary carers spend working outside the PPL period during the financial year of birth.

Take up of Secondary Carer Payment

- Not all secondary carers currently take up Dad and Partner Pay. Under the proposed scheme, all secondary carers are assumed to take up the payment, as for the greater majority there would be no loss in income from choosing to do so. When paid paternity leave is not paid, the secondary carer is expected to continue to work. Thus, the income from the more generous paid paternity leave payment is not expected to result in a significant increase in personal income tax collections.

Child care assistance

- The effect of the proposal on child care assistance payments is expected to be minimal and has not been included in the costing.

Transitional arrangements

- It has also been assumed that those who have a child in 2013-14, but do not complete their PPL period by the end of the financial year, will continue to receive their payments under the current scheme until their 18 week period expires.

Part 2: Company Tax Levy

General assumptions

- Superannuation funds and the superannuation business of life insurance companies would continue to be taxed at the 15 per cent rate.
- Growth rates are based on company gross operating surplus (GOS), adjusted to take into account the effects of many companies having substituted accounting periods.
- Estimates have been rounded to the nearest \$100 million.

Behavioural 'bring forward' assumption

- With a start date of 1 July 2014 and announcement of the proposal in 2013, the PBO considers that there is sufficient time for companies to take steps to change the timing of their deductions and income in the financial year prior to the start date in order to benefit from the introduction of the levy. Having a long lead time increases the likelihood of a behavioural response that would increase the cost of transition to the proposal and decrease revenue.

POLICY COSTING – POST ELECTION REPORT

- The PBO has assumed that around 0.375 per cent of company taxable income over \$5 million would be brought forward around the commencement of this proposal in order to avoid an announced levy on company income in excess of \$5 million.

Impact of the imputation system

- As specified by the applicant, the 1.5 per cent levy on company taxable income in excess of \$5 million would be creditable for dividend imputation purposes and flows through into the rate at which dividends are franked. This means a proportion of the increased tax paid at the company level will flow through to resident shareholders as imputation credits which they can then use to reduce their own tax liabilities.
- The PBO has assumed that companies with taxable income less than \$5 million would also be required to frank their dividends at the same rate as companies with taxable income in excess of \$5 million.
- With regard to company dividends and imputation, the PBO has assumed that the impact of the levy would be absorbed by companies and would not impact on the level of cash dividends paid.

Timing assumptions

The PBO has assumed that the levy is collected via the company pay as you go (PAYG) instalment system. This means the levy would have the same timing as general company tax collections. This costing assumes that the Australian Taxation Office (ATO) will not vary company instalment calculations in response to the company levy. Instalment rates are calculated by the ATO based on the amount of tax paid by a company in the previous year and are not based on the statutory company rate.

The assumption in relation to instalments mainly impacts on the profile of company tax collections as instalments adjust to the new company rate and does not affect the cost of the proposal once instalments assimilate the company levy. If the ATO were to vary instalments to take account of the impact of the company levy, the cost of the proposal would be larger in the first year following the date of effect than in this costing, with this difference unwound over the next three years.

Data sources

The costing estimate for Part 1 relied on aggregated data on the incomes of PPL recipients in 2012-13 along with forward estimates of expenses and recipient numbers for both Parental Leave Pay and Dad and Partner Pay, which were provided by FaHCSIA.

The Australian Bureau of Statistics' Survey of Income and Housing confidentialised unit record files and their publication *Survey of Pregnancy and Employment Transitions* were also analysed to help inform assumptions used in the costing.

Data sources for Part 2 include ATO tax return data for companies, individuals and the superannuation business of life insurance companies up to the 2010-11 financial year. The data includes entities that are taxed as companies.

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A

This attachment provides a disaggregation of the costing of Part 1 of the proposal.

Table A1 provides estimates on an underlying cash balance basis. A positive number for expenditure reflects an increase in cash paid by the Commonwealth, while a positive number for receipts reflects an increase in cash collected by the Commonwealth. The effect on the underlying cash balance is the change in receipts less the change in expenditure.

Table A1: Disaggregation of PPL costing – Cash basis

(\$m)	2013-14	2014-15	2015-16	2016-17	Total
<i>Payments</i>					
Paid Parental Leave	-	2,540	3,630	3,850	10,020
<i>Consisting of:</i>					
<i>New Primary Carer Scheme (including SG)</i>	-	3,750	5,180	5,450	14,380
<i>Existing Parental Leave Pay</i>	-	-1,530	-1,860	-1,920	-5,310
<i>New Secondary Carer Scheme (including SG)</i>	-	390	390	400	1,180
<i>Existing Dad and Partner Pay</i>	-	-70	-80	-80	-230
Family Tax Benefit (Parts A and B)	-	-80	-120	-120	-320
Low Income Super Contribution	-	-	10	10	20
Total administered payments	-	2,460	3,520	3,740	9,720
Departmental expenses	10	15	5	5	35
<i>Receipts</i>					
Personal Income Tax	-	590	830	880	2,300
Superannuation Contributions Tax	-	50	80	80	210
Total receipts	-	640	910	960	2,510
Impact on underlying cash balance	-10	-1,835	-2,615	-2,785	-7,245

Table A2 provides estimates on a fiscal balance basis. A positive number for expenses reflects an increased liability incurred by the Commonwealth, while a positive number for revenue reflects an increase in money owed to the Commonwealth. The effect on the fiscal balance is the change in revenue less the change in expenses.

Table A2: Disaggregation of PPL costing – Fiscal balance basis

(\$m)	2013-14	2014-15	2015-16	2016-17	Total
<i>Expenses</i>					
Paid Parental Leave	-	2,540	3,630	3,850	10,020
<i>Consisting of:</i>					
<i>New Primary Carer Scheme (including SG)</i>	-	3,750	5,180	5,450	14,380
<i>Existing Parental Leave Pay</i>	-	-1,530	-1,860	-1,920	-5,310
<i>New Secondary Carer Scheme (including SG)</i>	-	390	390	400	1,180
<i>Existing Dad and Partner Pay</i>	-	-70	-80	-80	-230
Family Tax Benefit (Parts A and B)	-	-110	-130	-120	-360
Low Income Super Contribution	-	10	10	10	30
Total administered expenses	-	2,440	3,510	3,740	9,690
Total departmental expenses	10	15	5	5	35
<i>Revenue</i>					
Personal Income Tax	-	590	830	880	2,300
Superannuation Contributions Tax	-	50	80	80	210
Total revenue	-	640	910	960	2,510
Impact on fiscal balance	-10	-1,815	-2,605	-2,785	-7,215

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT B

This attachment provides a disaggregation of the costing of Part 2 of the proposal.

Table B1: Revenue impact of the company levy – Cash and fiscal balance basis^(a)

(\$m)	2013-14	2014-15	2015-16	2016-17	Total
<i>Revenue</i>					
Company Tax	200	300	3,400	4,000	7,900
Personal Income Tax	-	-200	-1,400	-1,600	-3,200
Total revenue	200	100	2,000	2,400	4,700
Effect on cash and fiscal balance	200	100	2,000	2,400	4,700

(a) A positive number for the fiscal balance indicates an increase in revenue in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts in cash terms. A negative number for the fiscal balance indicates a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates a decrease in receipts in cash terms.



COSTING – POST ELECTION REPORT

Name of proposal to be costed:	Safer pathways for refugees policy, Refugee health, and End immigration detention (previously <i>Safer pathways for refugees</i>)
Summary of proposal:	<p>The proposal would:</p> <ol style="list-style-type: none"> 1) increase Australia's humanitarian program by 10,000 places a year, from 20,000 to 30,000 2) provide \$70 million a year in grants to the UN High Commissioner for Refugees (UNHCR) to enable faster assessment, resettlement and better protection for refugees 3) establish a Refugee Health Advisory Panel 4) establish a 30-day time limit for on-shore detention of Irregular Maritime Arrivals (IMA) (including Christmas Island) for initial health, security and identity checks before community release for the duration of their assessment for refugee status 5) increase payments provided to IMAs while in the community by increasing all currently provided services 6) close Regional Processing Centres (RPCs) on Nauru and Manus Island, and 7) close the on-shore detention centres at Curtin, Scherger, Wickham Point, Northern and some sites on Christmas Island. <p>The proposal would have effect from 1 January 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	31 July 2013, 6 & 21 August 2013
Additional information requested (including date):	Clarification was sought from Senator Milne's Office on 5 September 2013 as to whether increasing payments provided to IMAs while in the community by increasing all currently provided services, remained an element of the package of proposals.

POLICY COSTING – POST ELECTION REPORT

Additional information received	On 5 September 2013, Senator Milne’s Office advised that increasing payments provided to IMAs while in the community by increasing all currently provided services, would remain an element of the package of proposals.
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Former Department of Immigration and Citizenship (DIAC) • Former Department of Finance and Deregulation (Finance)

Costing overview

This proposal is expected to decrease the underlying cash balance by \$514.1 million and decrease the fiscal balance by \$507.8 million over the 2013-14 Budget forward estimates period. This impact is due to a net increase in expenses. This proposal would have an ongoing impact that extends beyond the forward estimates period. A detailed breakdown of the financial implications of the proposal is given in Table A1 at [Attachment A](#).

The costings of the following proposals are considered to be of medium to high reliability, given they are based on either good available data or a capped amount of funding as specified in the costing request:

- increase Australia’s humanitarian program by 10,000 places a year
- provide \$70 million a year in grants to the UNHCR, and
- establish a Refugee Health Advisory Panel.

The costings of following proposals are considered to be of low reliability due to uncertainty regarding savings from shutting down on-shore detention centres (see [Key assumptions](#)):

- establish a 30-day time limit on onshore detention for initial health, security and identity checks before releasing asylum seekers into the community for the term of their refugee assessment
- increase payments provided to IMAs while in the community
- close the on-shore detention centres at Curtin, Scherger, Wickham Point, Northern and some sites on Christmas Island.

The estimated savings from the closure of RPCs on Nauru and Manus Island differs from that which was costed by the PBO during the caretaker period. The costing minute prepared during the caretaker period included the PBO’s estimate of savings of \$970.5 million associated with closing down the RPC on Nauru. This estimate included \$859.4 million for ongoing operational costs for the Nauru RPC in 2014-15 and later years on the assumption that these costs were included in the forward estimates, based on statements by the former Government indicating that provision for the cost of operating the processing facilities on Nauru had been included in the contingency reserve (joint press conference by former Prime Minister, the Hon Kevin Rudd MP; President of Nauru, His Excellency Baron Waqa MP; and former Minister for Immigration, Multicultural Affairs and Citizenship, the Hon Tony Burke MP, on Saturday, 3 August 2013). The PBO has been unable to verify the magnitude of that provision and so cannot confirm the savings to the budget from closing down the Nauru RPC. Consequently, the savings from closing down the Nauru RPC are no longer included in this costing.

POLICY COSTING – POST ELECTION REPORT

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	399.2	-160.3	-326.2	-426.9
Fiscal balance (\$m)	399.1	-160.5	-326.0	-420.5

(a) A positive number for the fiscal balance indicates a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses or net capital investment in cash terms. A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.

Key assumptions

The PBO has assumed that:

- RPC on Manus Island will close immediately after this proposal takes effect on 1 January 2014
- onshore detention facilities not mentioned above will remain open or on standby even if empty
- the new facility at Blaydin Point and other planned extensions to the on-shore detention network outlined in the 2013 Economic Statement would not be constructed, and
- the RPC on Manus Island would not be constructed.

Finance and DIAC have advised the PBO that the cost of operating an RPC on Nauru is not included in the forward years (2014-15 to 2016-17) for the current Program estimates.

Methodology

The PBO has estimated the cost of increasing the humanitarian program by a further 10,000 places by using the same proportion of costs across agencies (including departmental costs) as used in the 2012-13 MYEFO measure which increased the humanitarian program by 6,250 places.

A detailed breakdown of the components of this part of the costing is included in Table A2 at [Attachment A](#).

The PBO used DIAC's *Demand Driven Model for Irregular Maritime Arrivals* to simulate elements relating to reducing the time spent in held detention, increasing payments to IMAs in the community, and closing select on-shore detention centres. The simulation outcome was subtracted from the simulation outcome as at the 2013 Pre-election Economic and Fiscal Outlook to determine the savings from these elements. The 2013-14 results were then halved to account for a 1 January 2014 start date.

Estimated savings from closing RPCs on Manus are based on advice from DIAC and Finance on the operational cost for Manus Island.

The 2013 Economic Statement contained a number of measures that affected the *Offshore Asylum Seeker Management* Program. These included building a new facility at Blaydin Point and a temporary expansion of the existing on-shore detention network. The PBO has reversed these measures as they would likely not be required since this proposal would substantially reduce the number of IMAs in Held Detention.

POLICY COSTING – POST ELECTION REPORT

A detailed breakdown of the components of this part of the costing is included in Table A3 at [Attachment A](#).

Data sources

- DIAC's Demand Driven Model for Irregular Maritime Arrivals
- Finance's Central Budget Management System

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A

Table A1: Breakdown of cost components, financial implications (outturn prices)^(a)

Impact on underlying cash balance	2013-14	2014-15	2015-16	2016-17	Total
Increasing humanitarian intake by 10,000 places (see Table A2)	-221.4	-610.2	-766	-946.2	-2,543.8
Grant funding to UNHCR	-70	-70	-70	-70	-280
Establishing a Refugee Health Advisory Panel	-	-1	-1	-	-2
Changed arrangements for detention of asylum seekers (see Table A3)	690.6	520.9	510.8	589.3	2,311.7
Total	399.2	-160.3	-326.2	-426.9	-514.1
Impact on fiscal balance	2013-14	2014-15	2015-16	2016-17	Total
Increasing humanitarian intake by 10,000 places (see Table A2)	-221.5	-610.4	-765.8	-939.8	-2,537.5
Grant funding to UNHCR	-70	-70	-70	-70	-280
Establishing a Refugee Health Advisory Panel	-	-1	-1	-	-2
Stopping detention of asylum seekers (see Table A3)	690.6	520.9	510.8	589.3	2,311.7
Total	399.1	-160.5	-326	-420.5	-507.8

(a) A positive number for the fiscal balance indicates a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses or net capital investment in cash terms. A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.

POLICY COSTING – POST ELECTION REPORT

Table A2: Breakdown of cost for increasing the humanitarian intake by 10,000 places, financial implications (outturn prices)^(a)

	2013-14	2014-15	2015-16	2016-17
Impact on underlying cash balance				
<i>Payments (\$m)</i>	-244.9	-708.3	-925.9	-1,164.7
<i>Receipts (\$m)</i>	23.4	98.1	159.8	218.4
Total (\$m)	-221.4	-610.2	-766.0	-946.2
Impact on fiscal balance				
<i>Expenses (\$m)</i>	-246.3	-711.3	-929.0	-1,158.4
<i>Revenue (\$m)</i>	24.8	101.0	163.2	218.6
Total (\$m)	-221.5	-610.4	-765.8	-939.8

(a) A positive number for the fiscal balance indicates a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses or net capital investment in cash terms. A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.

POLICY COSTING – POST ELECTION REPORT

Table A3: Establish a 30-day time limit, close down remote and offshore detention centres and increase welfare levels, financial implications (outturn prices)^(a)

Savings (\$m)	2013-14	2014-15	2015-16	2016-17	Total
Savings from having less people in Held Detention	190.2	243.6	256.8	234.9	925.5
Closing the RPC on Manus Island (and not building another)	266.5 ^(b)	145.9	158.1	256.7	827.2
Closing the RPC on Nauru ^(d)	111.1	-	-	-	111.1
Not pursuing other measures in Economic Statement ^(c)	55.1	28.4	-1.2	-0.4	81.9
Closing specified on-shore detention centres	67.7	103.0	97.1	98.1	366.0
Total	690.6	520.9	510.8	589.3	2,311.7

(a) A positive number for the fiscal balance indicates a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses or net capital investment in cash terms.

(b) Closing the Manus Island RPC on 1 January 2014 would recoup \$44.1 million in 2013-14.

(c) Includes savings from not proceeding with the construction of facilities at Blydyn Point.

(d) No savings have been included beyond 2013-14 given that operational funding for offshore processing at Nauru is not included in the program's estimates beyond 2013-14.



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Veterans (previously <i>Caring for veterans and their families</i>)
Summary of proposal:	<p>The proposal would fund a suite of fourteen initiatives that would :</p> <ul style="list-style-type: none"> i) Care for veterans by: <ul style="list-style-type: none"> a) providing \$6 million to develop mental health support b) funding research into specific needs of female veterans c) recognising the service of British and Commonwealth Occupation Forces (BCOF), SEATO nurses and the Australian Women’s Land Army (WLA), giving them access to the services and benefits they deserve, and d) ensuring injured service personnel are entitled to the income tax exemptions that apply under Section 23AD of the Income Tax Assessment Act 1936 for the period in which the exemptions would have applied had the person not been injured. ii) Care for veterans’ families by: <ul style="list-style-type: none"> e) allowing children of veterans acting as a carer, and parents and siblings of veterans killed in service, to access counselling through the Veterans and Veterans’ Families Counselling Service (VVCS) f) granting bereavement payments to partners who have separated from their veteran partner due to veterans’ mental health issues g) increasing funeral benefits under the <i>Veterans’ Entitlements Act 1986</i> from \$2,000 to \$4,000 h) making the Department of Veterans’ Affairs responsible for assessing the eligibility of veterans’ carers for the Centrelink Carer Allowance i) changing the current situation regarding Carer Allowance so it is no longer cancelled after the veteran has been hospitalised for six weeks j) reviewing the carer supplement every five years k) increasing Veterans’ Home Care respite services to 260 hours per year l) establishing and maintaining a ‘Jobs for Defence Families’ website m) funding the Defence Community Organisation to provide induction and support seminars for defence families, and

POLICY COSTING – ELECTION CARETAKER PERIOD

	<p>n) bringing forward the reporting date for the Vietnam Veterans' Family Study to December 2013.</p> <p>The package would have effect from 1 July 2014, with the exception of the proposal to bring forward the reporting date for the Vietnam Veterans' Family Study to 31 December 2013.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	2 September 2013
Date costing completed:	5 September 2013 (revised on 13 September 2013)
Date of public release of policy:	29 August 2013
Agencies from which information was obtained:	<ul style="list-style-type: none"> • Department of Veterans' Affairs (DVA) • Department of Defence • Department of Education, Employment and Workplace Relations • Department of Families, Housing, Community Services and Indigenous Affairs • Department of Finance and Deregulation • Department of Human Services

Costing overview

The package of proposals is expected to decrease the underlying cash balance by \$108.1 million and fiscal balance by \$109.1 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

Overall, the package is considered to be of medium to high reliability with the following proposals considered to be of medium reliability:

- *Giving SEATO nurses, BCOF veterans and WLA members access to services and benefits*: is based on estimated beneficiary populations and an average DVA cost per beneficiary, which in actual terms may vary
- *Carer Allowance – modifying rules for suspension*: there is uncertainty on how the change in arrangements would affect the individuals' awareness of their eligibility to claim the allowance
- *Carer Supplement Review*: there is uncertainty around the scope of the review
- *Increase Veterans' Home Care respite services*: there are data limitations regarding veterans using residential respite care, and
- *Vietnam Veterans' Family Study*: there is uncertainty around the amount of funding required to complete the report by 31 December 2013.

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- *Ensuring injured service personnel are entitled to income tax exemptions while being treated:* this proposal is expected to have an unquantifiable but very small financial impact.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-2.0	-35.9	-35.8	-34.4
Fiscal balance (\$m)	-2.0	-37.1	-35.7	-34.3

(a) A negative number for the fiscal balance indicates an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses or net capital investment in cash terms.

A breakdown of the impact on each component of the proposal, including the duration of each policy is included at [Attachment A](#).

Key assumptions

Giving SEATO nurses, BCOF veterans and WLA members access to services and benefits as per advice from DVA and the Department of Finance and Deregulation:

- the estimated SEATO nurses population of 133 on 1 July 2014 (declining to 127 by 1 July 2016)
- the estimated BCOF veteran population of 450 on 1 July 2014 (declining to 338 by 1 July 2016)
- of surviving BCOF veterans, 50 per cent qualify for the Gold Card through other World War II service, and of the residual, 55 per cent have a Gold Card via other eligibilities
- of surviving BCOF veterans that do not have a Gold Card, 50 per cent have a White Card
- due to other World War II service, BCOF veterans would already have access to support pensions
- the estimated average cost per beneficiary (including access to the Gold Card) of \$22,800 in 2014-15 rising to \$25,000 by 2016-17
- there would be offsetting savings to the Medical and Pharmaceutical Benefits Schemes as patients will no longer claim benefits under these schemes. Offsets per beneficiary are estimated to be \$3,566 in 2014-15 growing to \$3,848 in 2016-17, and
- the average departmental cost per client for DVA to administer the activity is approximately \$1,000.

The PBO has assumed that 100 per cent of beneficiaries would take up the entitlements and that the age of WLA members from the peak enrolment in 1943 was evenly distributed over the recruitment ages of 18 to 50.

Funeral benefits

The PBO has assumed that an increase in the maximum benefit amount would not encourage claimants who do not currently claim the \$2,000 to claim the higher amount in this proposal.

Carer allowance assessment – DVA

In costing this proposal, the PBO has assumed:

- the assessment of veterans by DVA would cost no more than were the assessments to continue to be carried out by DHS

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- the cost of conducting two-yearly ‘remote reviews’ would equate to the cost of conducting similar ‘circumstance reviews’ which are currently undertaken by DHS for recipients of Carer Allowance, and
- the cost to develop a new veteran-specific application form (or to amend the current form) would be minimal.

Carer allowance – no longer cancelled after hospitalisation

In costing the proposal the PBO has assumed no additional demand for Carer Allowance as a result of this proposal, noting the recipients have the same regulatory requirement to prove their eligibility regardless of their benefit being suspended or cancelled. This also means the workload of the Department of Human Services is unchanged as the evidence that needs to be assessed remains the same.

The PBO understands that the current program for administering the Carer Allowance payment has the capacity to either suspend or cancel payments. Therefore, no additional funding has been included for IT changes.

Carer supplement review

In costing this proposal, the PBO has assumed that this internal review could be conducted by a team of three people over the course of six months. This is consistent with the average funding for a basic program review by other agencies.

Increase Veterans’ Home Care respite services

The PBO has made the following assumptions in calculating the estimated impact of this proposal:

- all veterans currently utilising more than 81 hours of in-home care per year would use an additional 64 hours per annum
- all veterans currently utilising more than 181 hours of residential care per year would use around nine extra days of care
- the number of veterans approved to use residential care is equal to the number of veterans using residential respite care
- the estimates for residential respite care would grow in line with the average trend growth in the forward estimates for in-home respite care (ie around 3 per cent per annum). This takes into account indexation and change in demand
- additional departmental expenses for three staff, and
- a two-month lag between claims and payments.

In addition to the above, the PBO has not included any offsets from other programs because the impact is expected to be minimal and data availability is limited.

Establish and maintain a ‘Jobs for Defence Families’ website

In costing this proposal, the PBO has assumed the Australian JobSearch (AJS) website established and maintained by the Department of Education, Employment and Workplace Relations (DEEWR) is similar in function and design to the proposed ‘Jobs for Defence Families’ website.

POLICY COSTING – POST ELECTION REPORT

Provide enhanced induction and support seminars for defence families

Consistent with the costing request, the proposal is similar to the Defence Transition Seminars.

The PBO has assumed the cost per seminar and the number of seminars to be conducted under the proposal is similar to those of the Defence Transition Seminars.

Vietnam Veterans' Family Study

The PBO has assumed that bringing forward the funding in the final year (from 2014-15 to 2013-14) would provide sufficient resources to enable the report to be finalised by 31 December 2013.

Methodology

Research into specific needs of female veterans

The current funding profile for 'Health and Medical Research' listed under Program 2.5 in the Department of Veterans' Affairs' Portfolio Budget Statement was multiplied by 25 per cent, consistent with the costing request.

Giving SEATO nurses, BCOF veterans and WLA members access to services and benefits

The total cost for each element annually was derived by multiplying the cost per beneficiary by the estimated population, less the assumed benefit schemes offsets, with the application of the claims processing lag to differentiate between underlying cash and fiscal balance.

The estimated population for the WLA members is 220 in 2014-15 (declining to 143 in 2016-17), based on applying the Australian Bureau of Statistics survival and mortality rates to the peak number of WLA permanent and auxiliary members totalling 3421 (the 1943 enrolment figure from the Australian War Memorial).

Departmental costs for DVA to administer the activity are based on multiplying the average cost per beneficiary by the estimated population, less any overlap costs from existing White Card beneficiaries.

Ensuring injured service personnel are entitled to income tax exemptions while being treated

A member of the Defence Force is eligible for an income tax exemption under Section 23AD of the *Income Tax Assessment Act 1936* if, among other things, they are on eligible duty in a specified area outside of Australia. Eligible duty for the purposes of Section 23AD of the *Income Tax Assessment Act 1936* is defined by Regulation 7A of the *Income Tax Regulations 1936* (the Regulations).

The cost of the proposal to ensure that injured service personnel are entitled to the income tax exemption while being treated would be equal to the estimated personal income tax that would be payable on their salary and allowances if they were fully taxable, for the lesser of the period of treatment or, if they do not return to the deployment, the time remaining in their scheduled period of deployment. The expected cost of the exemption would in turn, be proportional to number of service personnel deployed, the expected casualty rate and the average recovery time.

This proposal could be expected to have a financial impact that ranges from zero to a very small but unquantifiable cost over the forward estimates period. This is because, with the scheduled

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drawdown of Australia's commitment to Afghanistan, there would only be two personnel who would be eligible to benefit from this proposal, should they be injured.¹

Should Regulation 7A of the *Income Tax Regulations 1936* be amended in the future to declare military operations to be eligible for an exemption, the cost of doing so would be increased as a result of this proposal.

Expanding eligibility to the VVCS

The number of children who are caring for veteran parents was derived by multiplying the recipient forecasts for the *Carers Allowance – Adult* payment by the percentage of the Australian population that are veterans.

The percentage of the population that are veterans was derived by dividing DVA's projected number of veterans by projections of the total Australian population published by the Australian Bureau of Statistics in their Population Projections Series B.

The percentages and costs outlined below all reflect the data and assumptions used by DVA in the costing of the 2013-14 Budget measure, *Mental health services – expansion*:

- assumed utilisation of VVCS services by these new eligible cohorts was established by accounting for the percentages of people who are likely to have experienced a mental health episode in the last 12 months and those likely to seek VVCS services
- a staggered implementation has been applied to this costing, which would see 100 per cent uptake of services by these new cohorts by 2016-17, and
- a reduction in administered expenses for the Department of Health and Ageing and the Department of Human Services (DHS) have been also included as a result of less people using services provided under the Medicare Benefits Scheme (MBS). These reductions in expenses were determined proportionally to the new client population.

The additional clients were estimated by adding the following:

- the number of children acting as a veteran parent's carer: derived by multiplying the number of children caring for a veteran parent by the percentage of people who have experienced a mental health condition in the past 12 months and then again by the percentage of these people likely to seek VVCS services, and
- siblings of veterans killed in service: derived by multiplying the total deceased servicemen and women since World War 2 by the average number of siblings published in the 2011 census.

Bereavement payments

Upon the death of a veteran, the bereavement payment would be made to the ex-partner of the veteran instead of being paid to the veteran's estate. As the costing is based on redirecting the same amount to the estate, the proposal would not impact the underlying cash or fiscal balances.

¹ On 5 August 2013 Regulation 7A of the Regulations was amended to extend the tax exemption for pay and allowances for Australian Defence Force members serving on Operation Palate II from 31 December 2013 to 31 December 2014. Under Operation Palate II, two Australian Army officers serve as military advisers within the United Nations Assistance Mission to Afghanistan Military Adviser Unit, based in Kabul and Kandahar. See <http://www.defence.gov.au/op/afghanistan/info/general.htm> for further details.

POLICY COSTING – POST ELECTION REPORT

Funeral benefits

The estimates in this costing are derived from doubling the current forward estimates for funeral benefits, given that the benefit per claimant would double from \$2,000 to \$4,000 as per costing request. For example, in the first year, the current 2014-15 estimate of \$13.1 million for this program was doubled to arrive at a total estimated cost of \$26.2 million. The current estimate was then subtracted to arrive at a net cost to budget of \$13.1 million.

Carer allowance assessment – DVA

The PBO has estimated that a one-off \$1 million cost would be incurred by DVA to change the IT system to accommodate the new arrangements. This cost, including the expenditure profile, is based on estimates to create a similar IT system for DVA in a 2010-11 Budget measure, 'Veterans' Pharmaceutical Reimbursement Scheme – establishment'.

Carer allowance – no longer cancelled after hospitalisation

No additional funding has been allocated to this proposal because the workload of the Department of Human Services remains unchanged and the current IT system has the capacity to implement this proposal.

Carer Supplement Review

The PBO has estimated that the internal review could be conducted by three staff over six months at a cost of \$0.2 million in 2014-15.

Increase Veterans' Home Care respite services

The estimates in this costing are derived from multiplying the additional hours of respite care, by the number of clients affected and by the cost of the care funded by DVA. The information is based on 2012-13 client data and costs.

Departmental expenses for three staff to undertake claims processing at a total cost of \$0.3 million has been included.

Establish and maintain a 'Jobs for Defence Families' website

A detailed breakdown of the establishment cost for the AJS website was obtained from DEEWR. Any expenditure related to specific DEEWR programs other than the job matching function of the website has been excluded. The resulting proportional decrease in establishment cost is also applied to the operating cost of the AJS to arrive at the estimated operating cost of the proposed website.

In 2013-14, funding of \$1.1 million represents the upfront cost of establishing the website.

Provide enhanced induction and support seminars for defence families

The costing is based on a similar program as identified in the request.

Vietnam Veterans' Family Study

The current funding of \$0.9 million in the final year (2014-15) has been brought forward to the 2013-14 Budget year.

POLICY COSTING – POST ELECTION REPORT

Data sources

Research into the specific needs of female veterans

Department of Veterans' Affairs 2013-14 Portfolio Budget Statement

Giving SEATO nurses, BCOF veterans and WLA members access to services and benefits

Australian Bureau of Statistics - Life Tables, States, Territories and Australia, 2009-2011:

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/3302.0.55.001Explanatory%20Notes12009-2011?OpenDocument>

Australian War Memorial: http://www.awm.gov.au/encyclopedia/homefront/land_army/

Expanding eligibility to the VVCS

2011 Census QuickStats, Australian Bureau of Statistics,

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/0

Department of Veterans' Affairs, *Veterans' Entitlements Act 1986* population projections

<http://www.dva.gov.au/aboutDVA/Statistics/Documents/ExecutiveSummaryDecember2012.pdf>

3222.0 - Population Projections, Australia, 2006 to 2101, Australian Bureau of Statistics,

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/3222.0>

Funeral Benefit

Department of Veterans' Affairs - Portfolio Budget Statements 2013-14

<http://www.dva.gov.au/aboutDVA/publications/corporate/budget/2013-2014/Documents/dvapbs.pdf>

Department of Veterans' Affairs Annual Report 2011-12

<http://www.dva.gov.au/aboutDVA/publications/corporate/annualreport/2011-12/Documents/annrep.pdf>

Increase Veterans' Home Care respite services

Department of Veterans' Affairs

- Cost and client numbers of respite services
- 2013-14 Portfolio Budget Statement (in-home respite care budget and forward estimates)

Establish and maintain a 'Jobs for Defence Families' website

Department of Education, Employment and Workplace Relations

Cost of establishing and operating the Australian JobSearch website

Provide enhanced induction and support seminars for defence families

Department of Defence

- Cost of establishing and operating the Defence Transition Seminars

POLICY COSTING – POST ELECTION REPORT

Vietnam Veterans' Family Study

Department of Veterans' Affairs Vietnam Veterans' Family Study webpage

http://www.dva.gov.au/health_and_wellbeing/research/FamilyStudyProgram/vietnam_vets_family_study/Pages/index.aspx

2007-08 Mid-Year Economic and Fiscal Outlook – Appendix A – Policy decisions taken since the 2007-08 Budget

http://budget.gov.au/2007-08/myefo/download/11_appendix_a.pdf

POLICY COSTING – POST ELECTION REPORT

ATTACHMENT A: BREAKDOWN OF COSTS BY COMPONENT

Table A1: Financial implications (outturn prices)^{(a) (b)}

Underlying cash and fiscal balance impacts	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
<i>Develop mental health support^(c)</i>					
Underlying Cash Balance	-	-2.0	-2.0	-2.0	-6.0
Fiscal Balance	-	-2.0	-2.0	-2.0	-6.0
<i>Research into the specific needs of female veterans^(d)</i>					
Underlying Cash Balance	-	-0.9	-0.9	-0.9	-2.7
Fiscal Balance	-	-0.9	-0.9	-0.9	-2.7
<i>Giving SEATO nurses, BCOF veterans and WLA members access to services and benefits^(d)</i>					
Underlying Cash Balance	-	-14.3	-14.1	-13.0	-41.4
Fiscal Balance	-	-15.5	-14.0	-12.9	-42.4
<i>Ensuring injured service personnel are entitled to income tax exemptions while being treated</i>					
Underlying Cash Balance	-	*	-	-	*
Fiscal Balance	-	*	-	-	*
<i>Expanding eligibility to the VVCS^(d)</i>					
Underlying Cash Balance	-	-0.2	-0.3	-0.5	-1.0
Fiscal Balance	-	-0.2	-0.3	-0.5	-1.0
<i>Grant bereavement payment to separated partners due to 'Special Domestic Circumstances'</i>					
Underlying Cash Balance	-	-	-	-	-
Fiscal Balance	-	-	-	-	-
<i>Funeral Benefit^(d)</i>					
Underlying Cash Balance	-	-13.1	-12.7	-12.3	-38.1
Fiscal Balance	-	-13.1	-12.7	-12.3	-38.1
<i>Carer allowance assessment^(e)</i>					
Underlying Cash Balance	-	-0.8	-0.2	-	-1.0
Fiscal Balance	-	-0.8	-0.2	-	-1.0

POLICY COSTING – POST ELECTION REPORT

Underlying cash and fiscal balance impacts	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	Total (\$m)
<i>Carer allowance – no longer cancelled after hospitalisation</i>					
Underlying Cash Balance	-	-	-	-	-
Fiscal Balance	-	-	-	-	-
<i>Carer Supplement Review^(d)</i>					
Underlying Cash Balance	-	-0.2	-	-	-0.2
Fiscal Balance	-	-0.2	-	-	-0.2
<i>Increase Veterans' Home Care respite services^(d)</i>					
Underlying Cash Balance	-	-4.8	-5.0	-5.1	-14.9
Fiscal Balance	-	-4.8	-5.0	-5.1	-14.9
<i>Establish and maintain a 'Jobs for Defence Families' website^(d)</i>					
Underlying Cash Balance	-1.1	-0.2	-0.2	-0.2	-1.7
Fiscal Balance	-1.1	-0.2	-0.2	-0.2	-1.7
<i>Provide enhanced induction and support seminars for defence families^(d)</i>					
Underlying Cash Balance	-	-0.3	-0.4	-0.4	-1.1
Fiscal Balance	-	-0.3	-0.4	-0.4	-1.1
<i>Vietnam Veterans' Family Study</i>					
Underlying Cash Balance	-0.9	0.9	-	-	0.0
Fiscal Balance	-0.9	0.9	-	-	0.0
NET TOTAL					
Underlying Cash Balance	-2.0	-35.7	-35.6	-34.2	-108.1
Fiscal Balance	-2.0	-36.9	-35.4	-34.1	-109.1

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms. A "*" indicates that the nature of this proposal is such that a reliable estimate cannot be provided.

(b) Totals may not sum due to rounding.

(c) Terminating on 30 June 2017.

(d) Ongoing policy.

(e) Terminating on 30 June 2016.

Attachment I

Australian Greens' list of election commitments provided to the PBO

Australian Greens Election 2013, page 1

Australian Greens Election Policies, 2013	Link to policy document
Abolishing Fossil Fuel subsidies	http://greensmps.org.au/sites/default/files/resourcing_a_caring_society_final.pdf
Clean coal' assistance abolished	http://greensmps.org.au/sites/default/files/resourcing_a_caring_society_final.pdf
Oppose flexible carbon price shift	http://greensmps.org.au/content/media-releases/mine-only-greens-can-be-trusted-climate
Abolish coal-fired power stations compensation	http://greensmps.org.au/content/news-stories/economy-serves-people-and-nature-not-other-way-around
Fix the mining tax	http://greensmps.org.au/sites/default/files/resourcing_a_caring_society_final.pdf
Millionaires tax	http://greensmps.org.au/sites/default/files/resourcing_a_caring_society_final.pdf
Bank Public Support levy	http://greensmps.org.au/sites/default/files/resourcing_a_caring_society_final.pdf
Abolish income quarantining	http://greensmps.org.au/content/media-releases/greens-call-abandonment-income-management
Re-directing PHI over three years	http://greensmps.org.au/content/media-releases/greens-plan-fewer-cuts-more-revenue
Reform CGT through 10% reduction in concession	http://greensmps.org.au/content/media-releases/greens-plan-fewer-cuts-more-revenue
Reform taxation of trusts (excluding farming trusts)	http://greensmps.org.au/content/news-stories/une-birng-our-troops-safely-home-afghanistan
Withdrawal from Afghanistan	http://lists.greens.org.au/mailman/public/2013-February/016683.html
Cancel Joint Strike Fighter project	http://greensmps.org.au/sites/default/files/The_Greens_Homelessness_Action_Plan_0.pdf
No one left behind: Ending Homelessness	http://greensmps.org.au/sites/default/files/biosecurityauthority_initiative.pdf
Biosecurity Commission	http://greensmps.org.au/sites/default/files/creative_regions_regional_arts.pdf
Regional Arts	http://greensmps.org.au/sites/default/files/national_protection_for_national_parks.pdf
Protect National Parks	http://greensmps.org.au/sites/default/files/national_protection_for_national_parks.pdf
Stop Dumping on the Great Barrier Reef	http://www.greens.org.au/files/130602%20No%20dumping%20policy%20initiative.pdf
Energy Savings Agency	http://greensmps.org.au/sites/default/files/energy_savings_agency.pdf
Clean Energy Roadmap (RET, CEFC, reversing climate cuts)	http://greensmps.org.au/sites/default/files/connecting_clean_energy.pdf
Connecting Clean Energy Grid	http://greensmps.org.au/sites/default/files/connecting_clean_energy.pdf
Reverse uni cuts and lift base funding	http://greensmps.org.au/sites/default/files/Investing_in_the_future_fair_high_quality_education_policy_document.pdf
Increasing Newstart and caring for single parents	http://greensmps.org.au/sites/default/files/Newstart%20and%20single%20parents_0.pdf
Increasing R&D investment	http://greensmps.org.au/sites/default/files/RD%20initiative%20.pdf
Schools funding boost	http://greensmps.org.au/sites/default/files/school_funding.pdf
Protecting threatened species (incl reversing Biodiversity cuts)	http://greensmps.org.au/sites/default/files/Protecting_species.pdf
Wild Rivers	http://www.greens.org.au/sites/default/files/letting_our_wild_rivers_run_free.pdf
Energy Efficiency grants for farmers	http://www.greens.org.au/sites/default/files/farmer_energy_self-sufficiency_grants_initiative_July_2013.pdf
Paid Parental Leave Scheme	http://www.greens.org.au/sites/default/files/PAID_PARENTAL_LEAVE.pdf
Extreme Weather/coal levy	http://greensmps.org.au/sites/default/files/Preparing_for_extreme_weather_0.pdf
Rule of Law	http://greensmps.org.au/sites/default/files/dollar_bets_initiative.pdf
Dollar Bets	http://greensmps.org.au/sites/default/files/dollar_bets_initiative.pdf
Sports Supplements	http://richard-di-natale.greensmps.org.au/sites/default/files/sports_supplement_clearing_house_initiative.pdf
Safer Pathways Refugee policy	http://greensmps.org.au/sites/default/files/Safer_Pathways.pdf
Buying from Farmers Direct	http://greensmps.org.au/sites/default/files/Safer_Pathways.pdf
Medicare Funding Boost	http://greensmps.org.au/sites/default/files/Medicare.pdf
Cut Social Housing Waiting List	http://greensmps.org.au/sites/default/files/Social_Housing_Supply_0.pdf
Housing Supply Bonds	http://greensmps.org.au/sites/default/files/Housing_Supply_Bonds_0.pdf
Justice Reinvestment	http://greensmps.org.au/sites/default/files/Justice_Reinvestment_Initiative.pdf
Blindness Prevention	http://greensmps.org.au/sites/default/files/Eye_Checks.pdf
Supermarket Duopoly - competition policy	http://greensmps.org.au/sites/default/files/Competition_Policy.pdf

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Reforming Sports Science	http://greens.org.au/sites/greens.org.au/files/Sports_Science_0.pdf
Supporting Wildlife Carers	http://greens.org.au/sites/greens.org.au/files/Wildlife_Carers.pdf
Refugee health	http://greens.org.au/sites/greens.org.au/files/refugee_health.pdf
High Speed Rail	http://greens.org.au/sites/greens.org.au/files/High_Speed_Rail_Initiative.pdf
Small business	http://greens.org.au/sites/greens.org.au/files/Small_business_Initiative.pdf
Junk food advertising	http://greens.org.au/sites/greens.org.au/files/Junk_Food_ad_ban_0.pdf
No new coal or CSG	http://greens.org.au/sites/greens.org.au/files/CSG-initiative.pdf
R&D in Agriculture	http://greens.org.au/sites/greens.org.au/files/agricultural_RD_initiative.pdf
TAFE funding increase	http://greens.org.au/sites/greens.org.au/files/TAFE_Initiative_0.pdf
UN Declaration on Rights of Indigenous Peoples	http://greensmp.org.au/content/media-releases/greens-launch-new-plan-implement-un-declaration-rights-indigenous-peoples
Denticare	http://greens.org.au/sites/greens.org.au/files/Denticare.pdf
Australian Youth Parliament	http://greens.org.au/sites/greens.org.au/files/Australian_Youth_Parliament.pdf
Banning Semi Automatic Firearms	http://greens.org.au/sites/greens.org.au/files/pun_control_0.pdf
Capital Grants for childcare centres	http://greens.org.au/sites/greens.org.au/files/Childcare%20Capital%20Grants%20Fund.pdf
Rural Health	http://greens.org.au/sites/greens.org.au/files/Rural_Health.pdf
Indexation of Public Servant Pensions	http://greens.org.au/sites/greens.org.au/files/super_pension_indexation.pdf
Access to Justice	http://greens.org.au/sites/greens.org.au/files/Access_to_Justice.pdf
Dying with Dignity	http://greens.org.au/sites/greens.org.au/files/Dying_with_Dignity_0.pdf
Great Barrier Reef	http://greens.org.au/sites/greens.org.au/files/Great_Barrier_Reef.pdf
Community Broadcasting	http://greens.org.au/sites/greens.org.au/files/Supporting-Community-Media.pdf
Gambling in Sport	http://greens.org.au/sites/greens.org.au/files/Gambling%20in%20Sport%20Initiative.pdf
Science and Research	http://greens.org.au/sites/greens.org.au/files/Science_Research_and_Development.pdf
Rural Mental Health	http://greensmp.org.au/sites/default/files/greens_rural_mh_policy.pdf
Safer advertising to children	http://greens.org.au/sites/greens.org.au/files/Safer_Advertising_to_Children_0.pdf
Better deal for renters	http://greens.org.au/sites/greens.org.au/files/Better_Deal_For_Renters_0.pdf
Hearing Health	http://greens.org.au/sites/greens.org.au/files/Focus-On-Hearing-Health.pdf
Young and Emerging Artists	http://greens.org.au/sites/greens.org.au/files/Young-and-Emerging-Artists.pdf
State of the Arts	http://greens.org.au/sites/greens.org.au/files/Artists-Enriching-Australia.pdf
Foreign Ownership of Agricultural Land	http://greens.org.au/sites/greens.org.au/files/foreign_ownership_of_land.pdf
Clean Air Act	http://greens.org.au/sites/greens.org.au/files/Clean_Air_Act_Initiative.pdf
Childcare, payment reform and HECS waiver	http://greens.org.au/sites/greens.org.au/files/Greens-Childcare-New-Benefit.pdf
Quality Mental Health Care	http://greens.org.au/sites/greens.org.au/files/Greens-Mental-Health-Package.pdf
Community Renewable Energy	http://greens.org.au/sites/greens.org.au/files/Community_Renewable_Energy_0.pdf
End Immigration Detention	http://greens.org.au/sites/greens.org.au/files/Ending_Cruel_Refugee_Detention.pdf
Vision for the Kimberley	http://greensmp.org.au/sites/default/files/vision_for_the_kimberley.pdf
Indigenous Rangers	http://greens.org.au/sites/greens.org.au/files/Indigenous_Rangers.pdf
Future Transport for Sydney	http://greens.org.au/sites/greens.org.au/files/Future-Transport-For-Sydney_0.pdf
Transport - Melbourne	http://greens.org.au/sites/greens.org.au/files/Fixing-Melbourne-Transport-Network.pdf
Transport - WA	http://has.greens.org.au/content/public-transport-2
Transport - Hobart	http://greens.org.au/sites/greens.org.au/files/Surveillance-Overreach_0.pdf
Surveillance Overreach	http://greens.org.au/sites/greens.org.au/files/Rental_supply_initiative.pdf
Rental Revolution	

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Food literacy and food waste	https://christine-milne.greensmps.org.au/content/news-stories/our-food-future-greens-plan-australias-food-security
Shark research and shark finning	https://greens.org.au/sites/greens.org.au/files/Stop-Illegal-Shark-Finning.pdf
Soil Health	http://greens.org.au/sites/greens.org.au/files/Helping-Our-Soils-Survive.pdf
Veterans	http://henry-wright.greensmps.org.au/caring-for-veterans
GMOs	http://greens.org.au/sites/greens.org.au/files/Protecting-Food-System-GMO.pdf
Industrial relations	http://greens.org.au/sites/greens.org.au/files/Workplace-Laws-For-People.pdf
Anti-corruption	http://greens.org.au/sites/greens.org.au/files/Restoring-Integrity-in-Politics.pdf
Pre-fabricated housing	http://scott-ludlam.greensmps.org.au/content/media-releases/greens-propose-grow-modular-housing-industry-south-west
Screen package	http://greens.org.au/sites/greens.org.au/files/Creating-Film-Television-Jobs.pdf
Hospitals	http://richard-si-matale.greensmps.org.au/content/news-stories/investing-public-hospitals
Sustainable health	http://greens.org.au/sites/greens.org.au/files/Greening-the-Health-Sector.pdf
Schools: teachers and students	http://greens.org.au/sites/greens.org.au/files/Valuing-Teachers-Greens-Plan.pdf
Environment, including no new coal and CFCO cuts	http://greens.org.au/sites/greens.org.au/files/Environment-Laws-That-Work.pdf
Lift overseas aid to 0.7% GNI and oppose cuts	http://greens.org.au/sites/greens.org.au/files/Ending-Extreme-Poverty-Overseas.pdf
Office of Animal Welfare	http://greens.org.au/sites/greens.org.au/files/A-Voice-For-Animals_0.pdf
Oppose public service cuts	http://www.simonsheikh.com/jobs
Older Australia, including Dementia	http://greens.org.au/sites/greens.org.au/files/Investing-in-Dementia-Research.pdf
Re-powering social housing	http://greens.org.au/sites/greens.org.au/files/Repower-Social-Housing.pdf
Adelaide Dental Hospital	http://sarah-hanson-young.greensmps.org.au/content/media-releases/greens-back-world-class-dental-school-and-hospital-adelaide
Palliative care	http://rachel-siewert.greensmps.org.au/sites/default/files/palliative_care_lb.pdf
Green spaces	http://greensmps.org.au/sites/default/files/green-ribbons-plan.pdf
Fuel efficient cars	http://greens.org.au/sites/greens.org.au/files/Cleaner-More-Efficient-Cars.pdf
Waste	http://peter-whish-wilson.greensmps.org.au/sites/default/files/waste_0.pdf
National Capital Authority: restore funding	http://greensmps.org.au/sites/default/files/national-capital-authority.pdf
Making Qwestacon free	http://www.simonsheikh.com/questacon
Community sport	http://greens.org.au/sites/greens.org.au/files/Funding-Community-Sports.pdf
Northern Mammals	http://greens.org.au/sites/greens.org.au/files/Protecting-Our-Northern-Mammals.pdf
Tourism	http://greens.org.au/sites/greens.org.au/files/Supporting-Our-Tourism-Industry_0.pdf
Nuclear veterans	http://greens.org.au/sites/greens.org.au/files/Nuclear_veterans.pdf
Disability Support	http://greens.org.au/sites/greens.org.au/files/Improving-Access-Disability-Support.pdf
Nuclear Waste Commission	http://www.greens.org.au/sites/greens.org.au/files/Nuclear-Waste-Commission.pdf
Anti-poverty plan	http://greensmps.org.au/sites/default/files/a-national-anti-poverty-strategy.pdf
Brand Tasmania	http://www.greens.org.au/brand-tasmania
Rewarding artists	http://www.greens.org.au/sites/greens.org.au/files/Rewarding-Artists.pdf

Attachment J

PBO list of election commitments provided to the Australian Greens



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator Christine Milne
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Milne

Thank you for providing a list of the Australian Greens' election commitments to the Parliamentary Budget Office (PBO) on 6 September 2013. This list was posted on the PBO website on the day after polling day.

In accordance with Section 64MA of the *Parliamentary Service Act 1999* (the Act), I am providing you with a list of publicly announced policies for the Australian Greens that, in my best professional judgement, would have a material impact on the Commonwealth budget. I propose to include this list of Australian Greens' election commitments in the post-election report on election commitments.

The attached list has been prepared having regard to the information provided by the Australian Greens, and public announcements made before and during the caretaker period for the 2013 general election.

In accordance with subsection 64MA(8) of the Act, I would appreciate receiving any comments that you may have on the attached list within three days of receipt of this correspondence.

Under Section 64MAA of the Act the post-election report must include any comments that you provide to me. If you do not provide me with any comments the post-election report must include a statement to this effect.

Yours sincerely

Phil Bowen
20 September 2013

ATTACHMENT

Statement of reasons for differences to the list provided by the Australian Greens

All policies identified by the Australian Greens as election commitments in the information provided to the Parliamentary Budget Office (PBO) on Friday, 6 September 2013 have been included in the following list of commitments to be included in the post-election report.

In addition, the policy for additional funding for Antarctic research is considered to be an election commitment based on the public announcement reflected in the Australian Greens' media release *Antarctic promises still fall short* dated 29 August 2013. Given that this commitment would have a material impact on the budget it has also been included on the list of Australian Greens' 2013 election commitments that are proposed to be included in the post-election report.

Parliamentary Budget Officer's list of Australian Greens' 2013 election commitments

Election Commitment	Source
Abolishing Fossil Fuel subsidies	Resourcing a Caring Society
'Clean coal' assistance abolished	Resourcing a Caring Society
Oppose flexible carbon price shift	Greens Trusted on Climate
Abolish coal-fired power stations compensation	Remove Unjustified Billions
Fix the mining tax	Resourcing a Caring Society
Millionaires tax	Resourcing a Caring Society
Bank Public Support levy	Resourcing a Caring Society
Abolish income quarantining	Standing Up for What Matters
Re-directing PHI over three years	Fewer cuts more revenue
Reform CGT through 10% reduction in concession	Fewer cuts more revenue
Reform taxation of trusts (excluding farming trusts)	Fewer cuts more revenue
Withdrawal from Afghanistan	Bring Our Troops Home
Cancel Joint Strike Fighter project	Scrapping the Joint Strike Fighter
No one left behind: Ending Homelessness	Homelessness
Biosecurity Commission	Biological Diversity
Regional Arts	Supporting Regional Artists
Protect National Parks	Protect Our National Parks
Stop Dumping on the Great Barrier Reef	Stop Dumping on Our Reef
Energy Savings Agency	Clean Energy Road Map
Clean Energy Roadmap	Clean Energy Road Map

ATTACHMENT

Election Commitment	Source
Connecting Clean Energy Grid	Connecting clean energy
Reverse uni cuts and lift base funding	Investing in the Future
Increasing Newstart and caring for single parents	Caring for People
increasing R&D investment	A Cutting-Edge Economy
Schools funding boost	Caring for Our Schools
Protecting threatened species	Stopping Our Biodiversity Crisis
Wild Rivers	Keep wild rivers running free
Energy Efficiency grants for farmers	On-Farm Energy Bills
Paid Parental Leave Scheme	Better Paid Parental Leave
Extreme Weather/coal levy	Preparing for Disasters
Rule of Law	Rule of Law
Dollar Bets	Dollar Bets for Pokies
Sports Supplements	Reforming Sports Science
Safer Pathways Refugee policy	Safer Pathways for Refugees
Buying from Farmers Direct	Helping Farmers Sell Direct
Medicare Funding Boost	Securing Medicare
Cut Social Housing Waiting List	A Stronger Social Housing System
Housing Supply Bonds	Safe as Houses
Justice Reinvestment	Smarter on Crime
Blindness Prevention	Vision for the Future
Supermarket Duopoly - competition policy	Competition Policy
Reforming Sports Science	Caring for Our Athletes
Supporting Wildlife Carers	Supporting Wildlife Carers
Refugee health	Protect Refugee Health
High Speed Rail	Building High-Speed Rail
Small business	Standing Up for Small Business
Junk food advertising	Ban Junk Food Ads

ATTACHMENT

Election Commitment	Source
No new coal or CSG	Environmental Laws that Work
R&D in Agriculture	A Cutting-Edge Economy
TAFE funding increase	Make TAFE a priority
UN Declaration on Rights of Indigenous Peoples	Implement Indigenous Rights
Dentcare	Dentcare Policy
Australian Youth Parliament	National Youth Parliament
Banning Semi Automatic Firearms	Handguns Off Suburban Streets
Capital Grants for childcare centres	Childcare Plan
Rural Health	Investing in Rural Health
Indexation of Public Servant Pensions	Fair Indexation
Access to Justice	Access to Justice
Dying with Dignity	Dying with dignity
Great Barrier Reef	Saving the Barrier Reef
Community Broadcasting	Supporting Community Media
Gambling in Sport	Protecting the Integrity of Sport
Science and Research	Science and Research Plan
Rural Mental Health	Improving Rural Mental Health
Safer advertising to children	Ban Junk Food Ads
Better deal for renters	Better deal for renters
Hearing Health	Focus on hearing health
Young and Emerging Artists	Young and Emerging Artists
State of the Arts	State of the Arts
Foreign Ownership of Agricultural Land	Foreign Ownership of Land
Clean Air Act	Clean Air Act
Childcare, payment reform and HECS waiver	Childcare Plan
Quality Mental Health Care	Quality Mental Health Care
Community Renewable Energy	Unleashing Community Energy

ATTACHMENT

Election Commitment	Source
End Immigration Detention	Safer Pathways
Vision for the Kimberley	Vision for the Kimberley p. 8
Indigenous Rangers	Vision for the Kimberley
Future Transport for Sydney	Transport for Sydney
Transport – Melbourne	Fixing Melbourne's Transport
Transport – WA	Transport Solutions for WA
Transport – Hobart	Hobart Light Rail
Surveillance Overreach	Plan to Wind Back Surveillance
Rental Revolution	Take the Pressure Down
Food literacy and waste	Our Future Our Food
Shark research and shark finning	Sharks
Soil Health	A Smart Farming Future
Veterans	Caring for Veteran's
GMOs	Caring for Our Food System
Industrial relations	Working to Live
Anti-corruption	Integrity in Politics
Pre-fabricated housing	Building a New Way
Screen Package	Supporting Australian Film
Hospitals	Investing in Public Hospitals
Sustainable health	Greening the Health Sector
Schools: teachers and students	Supporting our Students
Environment, including no new coal and CFC cuts	Environmental Laws that Work
Lift overseas aid to 0.7% of GNI and oppose cuts	Ending Poverty Overseas
Office of Animal Welfare	Animals
Oppose public service cuts	Protecting Canberra's Jobs
Older Australia, including Dementia	Dementia Research
Re-powering social housing	Repowering Social Housing

ATTACHMENT

Election Commitment	Source
Adelaide Dental Hospital	Dental Hospital for Adelaide
Palliative care	Better Palliative Care
Green spaces	Green Ribbons Plan
Fuel efficient cars	Cleaner More Efficient Cars
Waste	Improving Our Waste Management
National Capital Authority: restore funding	Restore funding to the NCA
Making Questacon free	Investing in Questacon
Community Sport	Funding Community Sport
Northern Mammals	Caring for Northern Mammals
Tourism	Supporting Tourism
Nuclear veterans	Justice for Nuclear Veterans
Disability Support	Dignity for People with Disability
Nuclear Waste Commission	Nuclear and Uranium
Anti-poverty plan	Anti-Poverty Strategy
Brand Tasmania	Brand Tasmania
Rewarding artists	Artists Enriching Australia
Additional Election Commitment	Source
Antarctic Research	Antarctic promises still fall short

