



Policy costing

Student Guide Program – Sir John Monash Centre	
Party:	Australian Labor Party
Summary of proposal: This proposal would establish a tertiary Student Guide Program (the Program) that would be located at the Sir John Monash Centre in Villers-Bretonneux, France. Each student guide would receive a stipend that would include: <ul style="list-style-type: none">• the French minimum wage, based on a 35-hour working week• rent assistance provided at 50 per cent of the average monthly rental costs in Villers-Bretonneux, France• upon completion of the Program, a 75 per cent reimbursement of the cost of return flights to Charles de Gaulle Airport, France. Each placement would be for a period of four months, with eight student placements available each year. The proposal would commence from 1 January 2020.	

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$0.8 million over the 2019-20 Budget forward estimates period. This impact is due to an increase in administered expenses of \$0.4 million and an increase in departmental expenses of \$0.4 million over this period.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

This costing is sensitive to assumptions around the take-up rate of the Program, assumed rental costs, future changes to the French minimum wage, and future exchange rates.

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

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-0.2	-0.2	-0.2	-0.2	-0.8
Underlying cash balance	-0.2	-0.2	-0.2	-0.2	-0.8

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- All eight student placements would be taken up each year.
- All students would successfully complete the Program.
- The average monthly rental costs of the nearby city of Amiens, France is representative of rental costs in Villers-Bretonneux, France.

Methodology

The administered expenses related to the stipend were estimated by:

- forecasting the current French monthly minimum wage using historical data from Eurostat
- using the average rent per month for a one-bedroom apartment in Amiens, France, applying the 50 per cent reimbursement, and applying indexation based on historical rental price data from the National Institute of Statistics and Economic Studies
- using the average cost of long-haul low-cost flights for return flights out of Australia to calculate the expenses relating to the 75 per cent reimbursement of flights to Charles de Gaulle Airport, France.

The departmental expenses were estimated by determining the number of staff that would be involved in the application process of the Program and the number of staff that would be required for the management of the Program.

All estimates were rounded to the nearest \$100,000.

Data sources

Eurostat, 2019. *Monthly minimum wages – bi-annual data*. [Online] Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en [Accessed 10 April 2019].

National Institute of Statistics and Economic Studies, 2019. *Consumer price index – Base 2015 – All households - France - COICOP classification: 04.1.1.0 - Actual rentals paid by tenants*. [Online] Available at <https://www.insee.fr/en/statistiques/serie/001763532#Tableau> [Accessed 10 April 2019].

Kiwi.com, 2019. *Flight Price Index*. [Online] Available at: <https://www.kiwi.com/stories/flight-price-index-2017/usd/> [Accessed 10 April 2019].

Numbeo, 2019. *Cost of Living in Amiens*. [Online] Available at: <https://www.numbeo.com/cost-of-living/in/Amiens-France> [Accessed 10 April 2019].

The Department of Finance provided indexation and efficiency dividend parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

The Treasury provided exchange rate data as at the 2019 Pre-election Economic and Fiscal Outlook.

Attachment A – Student Guide Program – Sir John Monash Centre – financial implications

Table A1: Student Guide Program – Sir John Monash Centre – Fiscal and underlying cash balances (\$m)^(a)

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Expenses					
<i>Administered</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Departmental</i>	-0.1	-0.1	-0.1	-0.1	-0.4
Total – expenses	-0.2	-0.2	-0.2	-0.2	-0.8

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