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Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	A progressive superannuation system
Summary of proposal:	<p>The proposal would apply progressive tax rates on superannuation contributions with a 15 per cent co-contribution for those with total income less than the tax-free threshold (currently \$18,200).</p> <p>The full detail of the proposal is provided at Attachment A.</p> <p>The proposal would have effect from 1 July 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	<p>1 June 2016</p> <p>http://greens.org.au/progressive-superannuation</p>
Date costing request received:	23 June 2016
Date costing completed	24 June 2016
Additional information received (including date):	<p>On 23 June 2016, the office of Senator Di Natale advised that the:</p> <ul style="list-style-type: none"> • start date would be 1 July 2016 • changes would not apply to members of unfunded defined benefits superannuation schemes • income definitions would be as set out in Attachment A.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal balance by \$10,850 million and increase the underlying cash balance by \$11,070 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, the impact reflects an increase in revenue of \$10,100 million, a decrease in administered expenditure of \$850 million and an increase in departmental expenditure of \$100 million over this period.

The fiscal balance impact of this proposal differs from the underlying cash balance impact due to differences in the timing of accrual and payment of the following tax liabilities/rebates:

- The introduction of the Government superannuation contribution for individuals with total income below \$18,200.
- The abolition of the low income superannuation contribution (LISC).
- The abolition of the Division 293 tax on superannuation contributions for high income individuals.
- The reversal of the 2016-17 Budget measure, *Superannuation Reform Package - introducing a Low Income Superannuation Tax Offset (LISTO)*.

The fiscal balance impact of the proposal falls in 2017-18, primarily reflecting the abolition of both the LISC and the LISTO.

The proposal would be expected to increase superannuation contributions tax and personal income tax.

- The introduction of a progressive superannuation contributions tax would be expected to result in an increase in superannuation contributions tax revenue as the majority of concessional contributions would be taxed at a higher or equal rate.
- This would also be expected to increase taxable incomes due to a reduction in voluntary concessional contributions, resulting in increased collections from personal income tax (and less earnings tax in the accumulation phase).

This costing is considered to be of low to medium reliability. The costing is largely based on detailed administrative data, but is sensitive to behavioural responses which are uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	3,080.0	2,450.0	2,640.0	2,680.0	10,850.0
Underlying cash balance	2,430.0	2,970.0	2,820.0	2,850.0	11,070.0

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

(b) Figures may not sum to totals due to rounding.

Estimates of the detailed financial implications of the individual components are provided at [Attachment B](#).

Key assumptions

- It is assumed that individuals with taxable income and concessional superannuation contributions between \$150,000 and the Division 293 threshold (\$300,000 in 2016-17; \$250,000 thereafter) would respond to the policy by reducing their voluntary concessional superannuation contributions, as the proposal makes superannuation less concessional for these people.
 - While concessional superannuation would still provide a tax concession for these individuals, this would be balanced against the fact that money contributed to superannuation is not readily accessible.
 - The reduction in concessional superannuation contributions is assumed to result in increased taxable incomes of individuals. However, taxable incomes would not increase by the full amount of the reduction in concessional superannuation contributions due to the ability of some taxpayers to utilise other tax concessions.
 - Those with income above the Division 293 threshold currently face an effective tax rate of 30 per cent on their concessional superannuation contributions, and would have a relatively small change (2 percentage points) to their effective tax rate. They would not be expected to have a significant behavioural change in response to the proposed policy.
- It is assumed that superannuation funds would pay contributions tax instalments at a rate based on expected annual income of their members. Reconciliation would be required following tax assessment to ensure the correct amount of tax had been paid. Depending on the administrative method used to assess annual income, there may be timing differences in the collection of tax revenue over the forward estimates.
 - For the purposes of this costing, it is assumed that, on average, the monthly instalments would collect the correct amount of tax. That is, the reconciliation would have zero revenue impact.
- It is assumed that the proposed superannuation contribution for individuals with total income below the tax-free threshold (in place of the LISC/LISTO) would not result in material behavioural change.
- Income for the purposes of the progressive contributions tax would be the sum of an individual's taxable income and their concessional superannuation contributions.
 - If an individual has a taxable income below a threshold but adding concessional superannuation contributions takes them above a threshold, the higher contributions tax rate would only apply to the contributions above the threshold. This approach is consistent with the current operation of the Division 293 tax.
 - For example:
 - ♦ An individual with a taxable income of \$34,000 and concessional superannuation contributions of \$3,400 (that is a total of \$37,400) would pay a tax rate of 15 per cent on \$400 (\$37,400 less the \$37,000 threshold). This would result in a progressive contributions tax liability of \$60.

- ◆ An individual with a taxable income of \$140,000 and concessional superannuation contributions of \$15,000 (that is a total of \$155,000) would pay a tax rate of 22 per cent on \$10,000 (the \$150,000 threshold less \$140,000) of their contributions and a tax rate of 32 per cent on the remaining \$5,000 (\$155,000 less the \$150,000 threshold). This would result in a progressive contributions tax liability of \$3,800.
- The enabling legislation would be implemented before 1 July 2017 (the date from which tax returns for the 2016-17 financial year can be submitted to the Australian Taxation Office (ATO)).
- It is assumed that there would not be any labour supply response as a result of the proposal.
- While the proposal could be expected to result in an increase in Age Pension payments over the longer term, the proposal is assumed not to have a material impact on Age Pension payments over the 2016-17 Budget forward estimates period.

Methodology

- A de-identified 16 per cent sample of personal income and superannuation tax returns from the 2012-13 tax year is used to estimate the budget impact of the contributions tax and personal income tax components of this costing. Outcomes are estimated for each individual in the data under both current and proposed policy.
- The modelling takes account of the timing of tax collections and payments.
- Estimates of the revenue impact are rounded to the nearest \$50 million, administrative expense estimates to the nearest \$10 million, and departmental expenses to the nearest \$1 million.

Data sources

- ATO de-identified personal income tax records, superannuation member contribution statements and self-managed superannuation fund returns from 2012-13.
- 2016-17 Budget measure, *Superannuation Reform Package – introducing a Low Income Superannuation Tax Offset (LISTO)*.

Attachment A: Detailed policy specifications

The proposal would replace the current 15 per cent flat tax rate on concessional superannuation contributions with a progressive marginal tax rate as follows:

Income threshold ^(a) (\$)	Superannuation contributions tax rate (%)
0 – 37,000	0
37,001 – 100,000	15
100,001 – 150,000	22
150,001 onwards	32

(a) Income thresholds would be indexed annually in line with growth in average weekly ordinary time earnings. The income to determine contributions tax would be the sum of taxable income and concessional superannuation contributions.

In addition:

- the Government would contribute to superannuation funds on behalf of individuals with total income below the tax-free threshold (\$18,200). The Government contribution would be 15 cents for each dollar of concessional superannuation contributions
 - Total income would consist of assessable income, net investment losses, exempt foreign employment income, reportable superannuation contributions and reportable fringe benefits.
 - Net (rather than gross) business and investment income would also be included in the calculation of total income.
- the Division 293 tax on contributions for very high income earners would be abolished
- the LISC would be abolished (currently set to end after the 2016-17 financial year)
- the 2016-17 Budget measure, *Superannuation Reform Package - introducing a Low Income Superannuation Tax Offset (LISTO)* would be reversed
- the changes would not apply to members of unfunded defined benefits funds.

Attachment B: A progressive superannuation system — financial implications

Table B1: A progressive superannuation system - Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Revenue	2,450.0	2,400.0	2,600.0	2,650.0	10,100.0
Expenses	630.0	50.0	40.0	30.0	750.0
<i>Administered expenses – ATO</i>	<i>650.0</i>	<i>70.0</i>	<i>70.0</i>	<i>60.0</i>	850.0
<i>Departmental expenses – ATO</i>	<i>-20.0</i>	<i>-20.0</i>	<i>-30.0</i>	<i>-30.0</i>	-100.0
Total	3,080.0	2,450.0	2,640.0	2,680.0	10,850.0

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

(b) Figures may not sum to totals due to rounding.

Table B2: A progressive superannuation system - Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Receipts	2,450.0	2,450.0	2,700.0	2,800.0	10,400.0
Payments	-20.0	520.0	120.0	50.0	670.0
<i>Administered expenses – ATO</i>	<i>-</i>	<i>540.0</i>	<i>150.0</i>	<i>80.0</i>	770.0
<i>Departmental expenses – ATO</i>	<i>-20.0</i>	<i>-20.0</i>	<i>-30.0</i>	<i>-30.0</i>	-100.0
Total	2,430.0	2,970.0	2,820.0	2,850.0	11,070.0

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

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Defence Spending
Summary of proposal:	The proposal would reduce the amount of expenditure on defence from 2017-18 to arrive at 75 per cent of total Defence expenditure projected for 2020-21. Defence funding would thereafter be maintained at 1.5 per cent of Gross Domestic Product (GDP). The proposal would have effect from 1 July 2017.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 June 2016
Date costing request received:	23 June 2016
Date costing completed:	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$14,111 million over the 2016-17 Budget forward estimates period. This impact reflects a decrease in departmental expenses including capital investment. This proposal would have an ongoing impact that extends beyond the forward estimates period. The impacts over 2016-17 to 2026-27 are included at [Attachment A](#).

This costing is considered to be of medium to high reliability. Although the costing is based on the 2016 Defence White Paper projections, the amount of future uncommitted funds is uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	2,159.0	4,597.0	7,355.0	14,111.0
Underlying cash balance	-	2,159.0	4,597.0	7,355.0	14,111.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

It has been assumed that there would be sufficient future uncommitted funds to meet the savings profile.

Methodology

Baseline estimates of defence expenditure used in this costing are the 2016-17 Budget estimates over the period 2016-17 to 2019-20 and 2016 Defence White Paper projections across the medium term.

Defence expenditure estimates under the proposal were calculated by reducing the baseline estimates by 6.25 per cent per annum cumulatively over the period 2017-18 to 2020-21. For 2021-22 onwards, annual defence expenditure was calculated at 1.5 per cent of projected GDP.

Data sources

- 2016-17 Defence Portfolio Budget Statements, p. 104
- 2016 Defence White Paper, p.180

Attachment A: Defence Spending—financial implications

Table A1: Defence spending – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances – expenses													
Defence expenditure	-	2,159.0	4,597.0	7,355.0	14,111.0	10,596.0	14,287.0	16,464.0	17,795.0	18,723.0	19,758.0	20,845.0	132,579.0
Total	-	2,159.0	4,597.0	7,355.0	14,111.0	10,596.0	14,287.0	16,464.0	17,795.0	18,723.0	19,758.0	20,845.0	132,579.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Ending subsidies for fossil fuel use and extraction
Summary of proposal:	<p>The proposal would abolish:</p> <ul style="list-style-type: none"> • Fuel Tax Credits (FTCs) for all industries except agricultural businesses • the frontier exploration uplift from the Petroleum Resource Rent Tax (PRRT) • accelerated asset depreciation for aircraft, the oil and gas industry and motor vehicles (except for those used for agricultural purposes) • the immediate deduction for exploration and prospecting expenses for the mining industry, including the Mining Exploration Development Incentive • the Australia-China Science and Research Fund (ACSRF). <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	22 April 2016 http://greens.org.au/news/vic/australian-greens-pledge-implement-paris-agreement
Date costing request received:	23 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal balance by \$23,963 million and increase the underlying cash balance by \$23,113 million over the 2016-17 Budget forward estimates period. The fiscal balance impact reflects a net increase in revenue of \$1,600 million and a decrease in expenses of \$22,363 million.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of a timing difference between when the FTC expense is recognised and when it is paid.

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

The proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period. The revenue impacts of the proposed abolition of accelerated depreciation and immediate deductions for exploration and prospecting would be expected to decline over time as the timing effect unwinds.

Departmental expenses as a result of abolishing the ACSRF would be expected to decrease by \$1.2 million over the 2016-17 Budget forward estimates period. Departmental expenses for other components of this costing 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)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	4,854.5	6,052.8	6,402.6	6,652.6	23,962.5
Underlying cash balance	4,254.5	5,902.8	6,352.6	6,602.6	23,112.5

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Assumptions relating to the abolition of FTCs

- The costing assumes that business fuel usage does not change as a result of the proposal.
 - Removing eligibility for claiming business fuel expenses has the potential to have a negative impact on the economy as it could increase costs across the production chain. However, consistent with *Charter of Budget Honesty Guidelines*, broader macroeconomic implications have not been included in this costing.

- On an underlying cash balance basis, FTCs are recognised when they are paid by the Australian Taxation Office (ATO). It is assumed that most FTC is paid in the year the expense is incurred with the remainder paid in the following year. This reflects the fact that FTC payments are made by the ATO in arrears, and accounts for the fact that businesses can either submit their Goods and Services Tax (GST) annually, quarterly, or monthly.
- Agriculture represents approximately 12 per cent of FTC claims.

Assumptions relating to the abolition of the frontier exploration uplift from the PRRT

- Data relating to 2014-15 petroleum project expenses and associated carry forward losses is assumed to be representative of PRRT operations across each financial year through the 2016-17 Budget forward estimates period.
- PRRT project expenses will grow in line with the Consumer Price Index (CPI) each year and the base year data is adjusted to allow for changes in PRRT revenue collected since the base year.
- The company tax rate for companies affected by the proposal is assumed to be 30 per cent over the 2016-17 Budget forward estimates period.

Assumptions relating to the abolition of accelerated asset depreciation

- The costing assumes that there is no change to the overall level or timing of investment as a result of this proposal.
- 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.
- Assets are assumed to be purchased evenly throughout the year.
- Taxpayers are assumed to utilise deductions 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
 - 5 per cent become taxable two years after they purchased the asset.
- 10 per cent of vehicles are assumed to be used for agricultural purposes.

Assumptions relating to the abolition of the immediate deduction for exploration and prospecting

- Taxpayers are assumed to utilise deductions associated with exploration and prospecting according to their taxable/non-taxable status.
- Exploration and prospecting assets are assumed to have a 15 year effective life under the proposal.

Assumptions relating to the abolition of the ACSRF

- It is assumed that contracts already signed by the Department of Industry, Innovation and Science (DIIS) would be honoured.
 - The proportion of allocated funding that is contractually committed as at 1 September 2016 for the 2016-17 financial year is assumed to be consistent with the proportion committed at a similar point in time for the 2015-16 financial year.

Methodology

All estimates have been rounded to the nearest \$50 million, except for impacts resulting from the abolition of the ACSRF which have been rounded to the nearest \$0.1 million.

Methodology for the abolition of FTCs

The forward estimates for FTC expenses were adjusted to remove expected claims, except from agricultural entities. This amount was then adjusted to allow for the 1 September 2016 start date of the proposal.

Methodology for abolishing the frontier exploration uplift from the PRRT

Project-level mining expenses were estimated based on 2014-15 data. Project-level revenues were adjusted such that total estimated PRRT revenue across the 2016-17 Budget forward estimates period matched estimates from the 2016-17 Budget. The estimated uplift component of frontier expenditure was estimated by taking a percentage of expenditure that was reported under the relevant labels and calculating the impact on tax payable.

Methodology for the abolition of accelerated asset depreciation and the immediate deduction for exploration and prospecting

The impact of these proposals was estimated by calculating the impact of total deductions expected under the proposal less the impact of total deductions currently expected.

Methodology for the abolition of the ACSRF

The impact of this proposal was estimated by reversing the forward estimates for the ACSRF, less the estimated amount of funds that have been contractually obligated at 1 September 2016. The amount of committed funds was based on data provided by DIIS. Departmental savings for this part of the request were based on data provided by DIIS.

Data sources

- ATO Taxation Statistics.
- Fuel excise data and FTC estimates from the 2016-17 Budget.
- Data on business depreciating asset expenditure was obtained from the Treasury.
- PRRT data was obtained from the ATO.
- Data relating to the ACSRf was obtained from DIIS.
- ACSRf forward estimates are as published in DIIS 2016-17 Portfolio Budget Statements.

Attachment A: Ending subsidies for fossil fuel use and extraction—financial implications

Table A1: Ending subsidies for fossil fuel use and extraction—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Abolishing FTCs	4,550.0	4,550.0	4,300.0	4,500.0	17,900.0
<i>Administered expense – FTC expenses</i>	4,550.0	5,700.0	5,900.0	6,200.0	22,350.0
<i>Revenue – Company Tax</i>	-	-1,150.0	-1,600.0	-1,700.0	-4,450.0
Abolishing accelerated depreciation	100.0	500.0	1,000.0	1,400.0	3,000.0
<i>Revenue – Company Tax</i>	100.0	500.0	1,000.0	1,400.0	3,000.0
Abolishing the immediate deduction for exploration and prospecting	200.0	1,000.0	1,100.0	750.0	3,050.0
<i>Revenue – Company Tax</i>	200.0	1,000.0	1,100.0	750.0	3,050.0
Abolishing the ACSRF	4.5	2.8	2.6	2.6	12.5
<i>Administered expense – Reduced funding for the ACSRF</i>	4.5	2.4	2.2	2.2	11.3
<i>Departmental expense – DIIS</i>	-	0.4	0.4	0.4	1.2
Abolishing the frontier exploration uplift from the PRRT	..	..	..	..	..
<i>Revenue – PRRT</i>	..	..	..	..	..
<i>Revenue – Company Tax</i>	..	..	..	..	..
Total	4,854.5	6,052.8	6,402.6	6,652.6	23,962.5

(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.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.

- Indicates nil

Table A2: Ending subsidies for fossil fuel use and extraction—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Abolishing FTCs	3,950.0	4,400.0	4,250.0	4,450.0	17,050.0
<i>Administered payment - FTC payments</i>	<i>3,950.0</i>	<i>5,550.0</i>	<i>5,850.0</i>	<i>6,150.0</i>	21,500.0
<i>Receipts – Company Tax</i>	-	<i>-1,150.0</i>	<i>-1,600.0</i>	<i>-1,700.0</i>	-4,450.0
Abolishing accelerated depreciation	100.0	500.0	1,000.0	1,400.0	3,000.0
<i>Receipts – Company Tax</i>	<i>100.0</i>	<i>500.0</i>	<i>1,000.0</i>	<i>1,400.0</i>	3,000.0
Abolishing the immediate deduction for exploration and prospecting	200.0	1,000.0	1,100.0	750.0	3,050.0
<i>Receipts – Company Tax</i>	<i>200.0</i>	<i>1,000.0</i>	<i>1,100.0</i>	<i>750.0</i>	3,050.0
Abolishing the ACSRF	4.5	2.8	2.6	2.6	12.5
<i>Administered payments - Reduced funding for the ACSRF</i>	<i>4.5</i>	<i>2.4</i>	<i>2.2</i>	<i>2.2</i>	11.3
<i>Departmental payments DIIS</i>	-	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	1.2
Abolishing the frontier exploration uplift from the PRRT	..	..	..	..	..
<i>Receipts – PRRT</i>	..	..	..	..	..
<i>Receipts – Company Tax</i>	..	..	..	..	..
Total	4,254.5	5,902.8	6,352.6	6,602.6	23,112.5

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

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.

- Indicates nil



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Too-Big-To-Fail Bank Levy
Summary of proposal:	<p>The proposal would introduce a 20 basis point levy on bank assets in excess of \$100 billion.</p> <p>The levy would be deductible for the purposes of calculating company tax payable.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	31 May 2016 http://greens.org.au/sites/greens.org.au/files/20160531_Banking%20and%20Finance.pdf
Date costing request received:	23 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase both the fiscal and underlying cash balances by \$14,900 million over the 2016-17 Budget forward estimates period. This impact entirely reflects an increase in revenue over this period. A detailed breakdown of this costing is presented at [Attachment A](#).

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget 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 to medium reliability. While it is based on high quality, up-to-date information and current growth forecasts, there is significant uncertainty around the behavioural response of banks to the proposal. As the proposed levy would be equivalent to approximately a quarter of the income tax currently paid by the major banks, it is likely to result in a behavioural response. However, the nature, timing and magnitude of this response are highly uncertain and cannot be reliably estimated.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	2,900.0	3,700.0	4,000.0	4,300.0	14,900.0
Underlying cash balance	2,900.0	3,700.0	4,000.0	4,300.0	14,900.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The levy would be payable annually in a single instalment in advance based on the estimated average value of bank assets over the year.
- The value of bank assets is assumed to grow each year by the average growth rate in bank assets over the last five years.

Behavioural assumptions

- The costing assumes that, as the levy would only apply to some banks, competition from other financial institutions would mean that the proposed levy would not be passed on to bank customers, and instead would reduce the profit and taxable income of these banks.
- This assumption would only have a material impact on the costing if the average marginal tax rate of bank customers was materially different from the company tax rate. The costing also assumes that the imposition of the levy would not change the behaviour of Australian banks over the short term, for instance by moving banking business offshore or restructuring businesses to get under the asset threshold.
 - Behavioural responses of the major banks in reaction to the levy could materially affect the estimated revenue from the levy.

Methodology

Total resident assets of Australian banks were obtained from the Australian Prudential Regulation Authority (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. An offsetting company tax deduction was then applied.

Estimates are rounded to the nearest \$100 million.

Data sources

- APRA Monthly Banking Statistics
- APRA Quarterly Authorised Deposit-taking Institution Performance.

Attachment A: Too-Big-To-Fail Bank Levy— financial implications

The following table provides a breakdown of the estimated impacts of applying a 20 basis point levy on bank assets in excess of \$100 billion over the 2016-17 Budget forward estimates period.

Table A: Too-Big-To-Fail Bank Levy —Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – revenue/receipts					
Gross revenue raised from proposed levy	4,100.0	5,300.0	5,700.0	6,100.0	21,200.0
Impact on company tax	-1,200.0	-1,600.0	-1,700.0	-1,800.0	-6,300.0
Net financial implications	2,900.0	3,700.0	4,000.0	4,300.0	14,900.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Top Marginal Tax Rates
Summary of proposal:	<p>The proposal would change the personal income tax schedule to:</p> <ul style="list-style-type: none"> • oppose the proposed lifting of the \$80,000 threshold to \$87,000 • make the 2 per cent temporary budget repair levy permanent • introduce a 50 per cent tax rate on taxable incomes over \$1 million. <p>A comparison of the current and proposed marginal tax rates is at Attachment A.</p> <p>The proposal would have effect from 1 September 2016.</p> <p>The Fringe Benefits Tax (FBT) rate would be increased to 52 per cent from 1 September 2016, reflecting the highest marginal tax rate and the Medicare levy.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 March 2016 http://greens.org.au/news/vic/greens-oppose-income-tax-cuts-company-tax-cuts-big-business
Date costing request received:	23 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$9,944 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in revenue of \$9,950 million partly offset by a \$6 million increase in departmental expenditure for the Australian Taxation Office (ATO).

This proposal would have ongoing financial implications beyond the 2016-17 Budget forward estimates period. The financial implications of the proposal over the 2016-17 Budget forward estimates period are not necessarily reflective of its ongoing implications due to the operation of bracket creep, where nominal income growth leads to higher marginal and average tax rates. The financial implications of the proposal for the period to 2026-27 are included at [Attachment B](#).

The proposal would be expected to involve departmental expenses of \$6 million in 2016-17. This amount reflects the estimated cost to the ATO of implementation of the proposal, particularly with regard to the higher marginal tax rate for individuals with taxable income over \$1 million and the introduction of different FBT rates for fringe benefits that accrue during different parts of the 2016-17 FBT year.

The introduction of different FBT rates for fringe benefits that accrue during different parts of the FBT year is likely to also involve additional compliance costs on taxpayers. However, any additional compliance costs for taxpayers associated with this proposal have not been taken into account in this costing, as they do not directly impact the Budget.

This costing is considered to be of low to medium reliability. It has been estimated based on a large representative sample of administrative tax data. However, the estimates may be sensitive to behavioural responses by individuals affected by this proposal, particularly individuals at the highest marginal tax rates, and to variations in population and income growth. The reliability of the costing decreases the further into the future the estimates are projected.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	794.0	2,750.0	3,100.0	3,300.0	9,944.0
Underlying cash balance	794.0	2,750.0	3,100.0	3,300.0	9,944.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The costing assumes that the enabling legislation would be in place by 1 September 2016.
- Individuals with incomes in excess of \$1 million are assumed to have a taxable income elasticity of 0.35, and individuals with incomes in excess of \$180,000 have a taxable income elasticity of 0.2.¹

¹ A taxable income elasticity is a measure of the responsiveness of taxable income to changes in after tax income. An increase in tax would result in a decrease in after tax income. An elasticity of 0.35 means that a 1 per cent decrease in the net-of-tax rate (the proportion of each additional dollar kept as take-home income) results in a 0.35 per cent decrease in taxable income.

- The costing assumes that there is no change in labour supply associated with the proposed changes to personal income tax rates and brackets.
 - While studies indicate that labour supply, particularly by secondary earners, changes in response to changes in effective marginal tax rates, there is considerable uncertainty in the magnitude and timing of the effect on employment.
- The increase in the FBT rate to the effective marginal tax rate for individuals with taxable income above \$1 million (52 per cent) is assumed to lead to some individuals substituting cash income for fringe benefits, particularly individuals with taxable income between \$180,000 and \$1 million.

Methodology

- The costing was estimated using a 16 per cent sample of de-identified personal income tax and superannuation returns for 2012-13 provided by the ATO. The data was used to estimate the change in tax payable associated with the proposed changes in the income tax schedule.
- Behavioural responses were incorporated reflecting the above assumptions.
- A separate model was used to estimate the financial implications of increases in the FBT rate. This model separately estimated the flow-on effects of a change in the FBT rate to personal income tax, FBT and company tax collections.
- Departmental expenses were estimated based on an analysis of previous policies with similar administrative complexity.
- The modelling takes account of the timing of tax collections and the part-year effect of the proposal.
- Estimates of revenue have been rounded to the nearest \$50 million. Estimates of departmental expenses have been rounded to the nearest \$1 million.

Data sources

- *The Exchequer effect of the 50 per cent additional rate of income tax*, HM Revenue and Customs.
- 16 per cent sample of de-identified personal income tax and superannuation records for the 2012-13 financial year from the ATO.
- 2016-17 Budget, Australian Government.

Attachment A: Comparison of current and proposed marginal tax rates

Taxable income (\$)	Marginal tax rate (%) ^(a)	
	Current	Proposed
0 – 18,200	0	0
18,201 – 37,000	19	19
37,001 – 80,000	32.5	32.5
80,001 – 87,000	32.5	37
87,001 – 180,000	37	37
180,001 – 1,000,000	47 ^(b)	47
1,000,000 +	47 ^(b)	50

- (a) Marginal tax rates do not include the Medicare levy or the Medicare levy surcharge where applicable.
- (b) Includes the 2 per cent Temporary Budget Repair Levy (TBRL), which will expire after the 2016-17 financial year under current policy settings.

Attachment B: Top Marginal Tax Rates—financial implications

Table A1: Top Marginal Tax Rates – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal and underlying cash balances – revenue/expenses													
Revenue	800.0	2,750.0	3,100.0	3,300.0	9,950.0	3,550.0	3,800.0	4,050.0	4,300.0	4,600.0	4,950.0	5,300.0	40,500.0
Departmental expenses (ATO)	-6.0	-	-	-	-6.0	-	-	-	-	-	-	-	-6.0
Total	794.0	2,750.0	3,100.0	3,300.0	9,944.0	3,550.0	3,800.0	4,050.0	4,300.0	4,600.0	4,950.0	5,300.0	40,494.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	High Income Tax Guarantee (The Buffett Rule)
Summary of proposal:	<p>The proposal would impose a minimum income tax liability of 35 per cent of total income for individuals with total income above \$300,000.</p> <p>The proposal would take effect from 1 September 2016.</p> <p>The request noted that this proposal would interact with the <i>Top Marginal Tax Rates</i> (GRN005) proposal.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 April 2016 http://greens.org.au/buffett-rule
Date costing request received:	23 June 2016
Date costing completed	25 June 2016
Additional information received (including date):	<p>On 23 June 2016, Senator Di Natale’s office advised that:</p> <ul style="list-style-type: none"> • total income would consist of assessable income, net investment losses, exempt foreign employment income, reportable superannuation contributions and reportable fringe benefits • net (rather than gross) business and investment income would be included in the calculation of total income • the benchmark measure of tax for the calculation of the additional tax payable under the proposal would be gross tax, including the Medicare levy where applicable • refundable tax credits and non-refundable tax offsets could not be used to reduce the minimum tax liability under the proposal

	<ul style="list-style-type: none"> the \$300,000 threshold would be indexed each two years from the date of implementation in line with the growth in Male Total Average Weekly Earnings.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase both the fiscal and underlying cash balances by \$8,388 million over the 2016-17 Budget forward estimates period. This reflects an increase in revenue of \$8,400 million, partly offset by an increase in departmental expenditure of \$12 million for the Australian Taxation Office (ATO) over this period.

The financial implications of this proposal include the impact of interactions between this proposal and the *Top Marginal Tax Rates* (GRN005) proposal. This would reduce the revenue that would be expected from this proposal by \$1,100 million over the 2016-17 Budget forward estimates period, as fewer taxpayers above the relevant income thresholds would have a tax liability below 35 per cent of total income.

The proposal would have ongoing financial implications beyond the 2016-17 Budget forward estimates period. Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of low reliability. The results were estimated based on a large representative sample of administrative tax data. However, the estimates would be sensitive to behavioural responses by individuals affected by this proposal and to variations in population and income growth.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-306.0	2,196.0	3,299.0	3,199.0	8,388.0
Underlying cash balance	-306.0	2,196.0	3,299.0	3,199.0	8,388.0

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

(b) Figures may not sum due to rounding.

Key assumptions

- The costing assumes that the enabling legislation would be in place by 1 September 2016.
- There are a number of potential behavioural responses associated with changes to personal income tax rates, including changes to labour supply and investment decisions.
 - The Parliamentary Budget Office (PBO) has included a behavioural response to account for changes in investment decisions and tax planning arrangements by affected individuals, which results in decreased total income for these individuals. This may include reducing or redirecting income distributed to individuals from partnerships, trusts or companies, so that this income is taxed at lower rates than 35 per cent.
 - ◆ The PBO has assumed that individuals with incomes in excess of the threshold have a total income elasticity of 0.2.¹
 - The costing does not account for changes in labour supply as a result of this proposal. While studies indicate that labour supply, particularly by secondary earners, decreases in response to increases in tax rates, there is considerable uncertainty surrounding the magnitude and timing of the effect on employment.
- It has been assumed that the additional tax payable under the proposal would be collected on assessment when individuals lodge their tax returns. There would be no change to 'pay as you go' arrangements.
- The proposal effectively removes tax deductibility of certain expenses for affected individuals, which increases the after-tax cost of these goods or services. This may result in reduced expenditure on these goods or services. The budgetary impacts of these broader macroeconomic implications have not been estimated.
- The PBO expects that some individuals would bring forward income and/or deductions prior to the proposal's implementation date of 1 September 2016. However this impact is expected to be small and has been rounded to zero.

Methodology

- A weighted sample of de-identified personal income tax returns for 2012-13 from the ATO has been used to estimate the revenue impact of the proposal. For each individual in the data, future tax liabilities have been estimated under both current and proposed policy settings after accounting for behavioural responses. The difference between current policy and the proposal gives the costing.
- Revenue estimates were adjusted to account for the interactions between this proposal and the *Top Marginal Tax Rates* proposal.

¹ A taxable income elasticity is a measure of the responsiveness of taxable income to changes in after tax income. An increase in tax would result in a decrease in after tax income. An elasticity of 0.2 means that a 1 per cent decrease in the net-of-tax rate (the proportion of each additional dollar kept as take-home income) results in a 0.2 per cent decrease in taxable income.

- The modelling takes account of the timing of tax collections and the part-year effect of the proposal.
- The PBO's estimate of departmental expenses is based on analysis of previous policies with similar administrative complexity. This reflects both the initial implementation and ongoing administration costs of the proposal.
- Revenue estimates have been rounded to the nearest \$50 million. Departmental expenses have been rounded to the nearest \$1 million.

Data sources

- 16 per cent sample of de-identified personal income tax and superannuation records for the 2012-13 financial year from the ATO.

Attachment A: High Income Tax Guarantee (The Buffett Rule)—financial implications

**Table A1: High Income Tax Guarantee (The Buffett Rule)—financial implications
(outturn prices)^{(a)(b)}**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Total revenue	-300.0	2,200.0	3,300.0	3,200.0	8,400.0
<i>High Income Tax Guarantee</i>	-300.0	2,450.0	3,700.0	3,650.0	9,500.0
<i>Interactions with Top Marginal Tax Rates (GRN005) proposal</i>	..	-250.0	-400.0	-450.0	-1,100.0
Departmental expense (ATO)	-6.0	-4.0	-1.0	-1.0	-12.0
Total	-306.0	2,196.0	3,299.0	3,199.0	8,388.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Restoring Trust in Trusts
Summary of proposal:	The proposal would reform the taxation treatment of discretionary trusts (except trusts used for farming businesses) so that they are taxed as companies. The proposal would have effect from 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	22 June 2016 http://greens.org.au/sites/greens.org.au/files/Tax%20Avoidance%20Package_0.pdf
Date costing request received:	23 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase both the fiscal and underlying cash balances by \$3,300 million over the 2016-17 Budget forward estimates period. This reflects an increase in revenue of \$3,400 million and an increase in departmental expenditure of \$100 million over this period.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period. The financial impact would be expected to decrease over the period to 2026-27, reflecting the changes in the company tax rate.

Departmental costs are expected to increase by \$40 million in 2016-17 and \$20 million per annum from 2017-18 as a result of the proposal. This is based on the cost of implementing other large-scale tax proposals.

A detailed breakdown of this costing is presented at [Attachment A](#).

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 (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	460.0	880.0	980.0	980.0	3,300.0
Underlying cash balance	460.0	880.0	980.0	980.0	3,300.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in relation to this proposal:

- Trust income is comprised of income from interest, dividends, capital gains and general sources.
- Trust income is assumed to be 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
 - 50 per cent to companies.
- Taxing discretionary trusts as companies would mean that the imputation system for franked dividends that applies to companies would also apply to trust distributions.
- It is assumed that 50 per cent of income would be retained in trusts in response to this proposal.
 - 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 at the company tax rate, as per company tax arrangements.
- Generally, superannuation funds currently have a tax rate of 15 per cent and would receive a refund of a portion of the tax paid at the company tax 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 a higher effective tax rate 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 have an effective tax rate of 15 per cent.

- It is assumed that on average trusts would pay tax on a quarterly basis.
- It is assumed that, in response to this proposal, a proportion of trust beneficiaries would find alternative investments that would give them a similar return to their trust structure, which means that the proposal does not raise as much revenue as it would have done in the absence of this behavioural response.

Methodology

The financial impact of this proposal was estimated by calculating the tax revenue to be paid by affected discretionary 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. Base trust distribution amounts are grown at a rate equivalent to growth in Gross Domestic Product.

Revenue estimates have been rounded to the nearest \$100 million. Expense estimates have been rounded to the nearest \$10 million.

Data sources

- Trust distribution data from Australian Taxation Office (ATO) Taxation Statistics
- Australian tax treaties data from the Treasury website
- Australian Bureau of Statistics *International Investment Position, Australia: Supplementary Statistics* Cat. No. 5352.0
- Taxation parameters from the 2016 Pre-election Economic and Fiscal Outlook
- 2016-17 Budget Paper No. 2

Attachment A: Restoring Trust in Trusts— financial implications

Table A1: Restoring Trust in Trusts— Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Revenue	500.0	900.0	1,000.0	1,000.0	3,400.0
Departmental expenses - ATO	-40.0	-20.0	-20.0	-20.0	-100.0
Total	460.0	880.0	980.0	980.0	3,300.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Worldwide Gearing Ratio
Summary of proposal:	<p>The proposal would remove the current thin capitalisation rules so that a company's limit of allowable debt deductions would be determined by the debt to equity ratio for their global operations.</p> <p>This proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	22 June 2016 http://greens.org.au/sites/greens.org.au/files/Tax%20Avoidance%20Package_0.pdf
Date costing request received:	23 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$1,750 million over the 2016-17 Budget forward estimates period. This proposal would have an ongoing impact 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. To reliably cost this proposal would require detailed knowledge of the current tax practices of large multinational companies and their likely behavioural responses to this proposal. As there is very little reliable data on which to base these estimates the costing is highly sensitive to a range of assumptions.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	150.0	600.0	500.0	500.0	1,750.0
Underlying cash balance	150.0	600.0	500.0	500.0	1,750.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The available Australian Taxation Office (ATO) company data on thin capitalisation shows that very few companies have used the ‘worldwide gearing debt amount’ test to determine their allowable deduction amount, with most using either the safe harbour or arm’s length test. This means that most companies have not been required to submit information on the level of their worldwide gearing to the ATO.
- In the absence of this information the Parliamentary Budget Office (PBO) has calculated the average debt/equity ratios by industry group. Companies are assumed to have a worldwide gearing ratio equal to the average of their industry.
- The costing makes an allowance for the possibility that some companies may alter their behaviour in order to avoid the impact of this proposal.
- The ATO would not vary the company pay as you go (PAYG) instalments in the first year of the proposal. Where this proposal results in a company paying higher income tax in relation to the 2016-17 income year, this would flow through to higher PAYG instalments in subsequent years.

Methodology

The financial impact of this proposal is based on ATO unit record debt deduction data for multinational companies. The impact of this proposal was estimated by calculating the allowable debt deduction under the proposed rules (worldwide gearing test only) for each company and subtracting the current amount of allowable debt deductions (where companies can use the safe harbour, arm’s length or the worldwide gearing test).

Estimates are rounded to the nearest \$50 million.

Data sources

- ATO unit record data from the thin capitalisation schedule.
- ATO international dealings schedule data.
- Budget 2016-17 parameters.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Phasing Out Private Health Insurance																												
Summary of proposal:	<p>The proposal would phase out the Private Health Insurance (PHI) rebate over the next three years while retaining the additional rebate for over 65s.</p> <p>The phase out would occur as follows:</p> <table border="1"> <thead> <tr> <th>Income Tier</th> <th>Single (\$)</th> <th>Family (\$)</th> <th>Current rebate (%)</th> <th>2016-17 (%)</th> <th>2017-18 (%)</th> <th>2018-19 (%)</th> </tr> </thead> <tbody> <tr> <td>Standard</td> <td>≤90,000</td> <td>≤180,000</td> <td>26.79</td> <td>20</td> <td>10</td> <td>-</td> </tr> <tr> <td>1</td> <td>90,001 to 105,000</td> <td>180,001 to 210,000</td> <td>17.86</td> <td>10</td> <td>-</td> <td>-</td> </tr> <tr> <td>2</td> <td>105,001 to 140,000</td> <td>210,001 to 280,000</td> <td>8.93</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>The proposal would have effect from 1 September 2016.</p>	Income Tier	Single (\$)	Family (\$)	Current rebate (%)	2016-17 (%)	2017-18 (%)	2018-19 (%)	Standard	≤90,000	≤180,000	26.79	20	10	-	1	90,001 to 105,000	180,001 to 210,000	17.86	10	-	-	2	105,001 to 140,000	210,001 to 280,000	8.93	-	-	-
Income Tier	Single (\$)	Family (\$)	Current rebate (%)	2016-17 (%)	2017-18 (%)	2018-19 (%)																							
Standard	≤90,000	≤180,000	26.79	20	10	-																							
1	90,001 to 105,000	180,001 to 210,000	17.86	10	-	-																							
2	105,001 to 140,000	210,001 to 280,000	8.93	-	-	-																							
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens																												
Date of public release of policy:	30 March 2016																												
Date costing request received:	23 June 2016																												
Date costing completed	24 June 2016																												
Expiry date for the costing:	Release of the next economic and fiscal outlook report																												

Costing overview

The proposal would decrease expenses on the PHI rebate, reflecting the combined effect of lower rebate rates for recipients affected by the proposal and an assumed decrease in PHI coverage arising from the resultant higher out-of-pocket cost of PHI. From 2017-18, there would also be an impact on revenue associated with the Medicare Levy Surcharge (MLS) due to some additional individuals becoming liable for the MLS as a result of ceasing their PHI coverage in response to the higher out-of-pocket premiums under the proposal.

The proposal would be expected to increase the fiscal balance by \$13,308 million and increase the underlying cash balance by \$12,858 million over the 2016-17 Budget forward estimates period. This impact is primarily due to a decrease in expenditure on PHI rebates.

The proposal has an ongoing impact beyond the forward estimates with the annual impact in the years beyond 2019-20 being in line with the impact in 2019-20 growing at around 4 per cent per annum.

The difference between the fiscal and underlying cash balances is due to the timing of the component of the PHI rebate paid through the Australian Taxation Office (ATO), which is paid in the next income year, as individuals file their tax returns.

The Parliamentary Budget Office has estimated departmental expenses based on recent measures with similar administrative complexity. Departmental expenses of \$2 million have been included for implementation of the new policy. The proposal would not be expected to reduce departmental expenses as the administration costs associated with the rebate are primarily driven by the number of insurers and policies provided and the scope of services covered by the policies, rather than the number of eligible persons for the PHI rebate.

This costing is considered to be of medium reliability. The estimates are sensitive to changes in health insurance premiums, the consumer price index, income distributions of individuals and couples with and without PHI cover, behavioural responses to changes in the effective costs and benefits of PHI, and the response of individuals to policy changes since 2012-13 (the year of the data for the costing).

A detailed breakdown of the components is included at [Attachment A](#).

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	1,308.0	2,960.0	4,540.0	4,500.0	13,308.0
Underlying cash balance	1,178.0	2,800.0	4,380.0	4,500.0	12,858.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing the proposal, the following assumptions have been made:

- As the proposal would increase the out-of-pocket cost of PHI, fewer people would take out PHI, with higher income policy holders assumed to be less price responsive (and therefore more likely to maintain their PHI cover) than those on low incomes.
- There is no flow-on effect to public hospital expenses as a result of individuals ceasing their PHI policy.
- The majority of PHI rebate expenses administered by the Department of Health are delivered in the same financial year in which they accrue, with a small proportion delivered in the following financial year. Additionally, there is an amount paid through the ATO as individuals file 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 PHI Risk Equalisation program has not been factored into this proposal because it has no net financial implication as this program collects and then redistributes contributions from the industry.

Methodology

Projected income distributions of individuals and families with and without PHI were generated based on de-identified 2012-13 personal income tax data. Average PHI premiums were estimated using data from the Private Health Insurance Administration Council and projected over the medium term.

The potential MLS liabilities and values of the PHI rebate were estimated under both current and proposed policy settings. 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 PHI rebate expense and MLS revenue estimates under the proposal were then compared to the total under the base scenario to determine the cost of the proposal.

Timing effects have been included in this costing to account for the timing of tax collections and the payment of the PHI rebate.

Estimates for PHI rebate expenses and MLS revenue have been rounded to the nearest \$10 million. Estimates for departmental expenses have been rounded to the nearest \$1 million.

Data sources

- De-identified personal income tax and superannuation contribution unit record data for 2012-13.
- Australian Prudential Regulation Authority – Private Health Insurance Quarterly Statistics, March 2016.
- 2016-17 Budget.
- 2015 Tax Expenditure Statement.
- Cheng, T. 2011. *Measuring the effects of removing subsidies for private insurance on public expenditure for Health care*. Melbourne Institute Working Paper 16/11.
- Robson, A., Ergas, H. and Paolucci, F. 2011. The Analytics of the Australian Private Health Insurance Rebate and the Medicare Levy Surcharge. *Agenda*. Vol 18, no 2.
- Ellis, R. and Savage, E. 2008. Run for cover now or later? The impact of premiums, threats and deadlines on private health insurance in Australia. *International Journal of Health Care Finance and Economics*. Vol 8 pages 257-277.

Attachment A: Phasing Out Private Health Insurance— financial implications

Table A1: Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Private Health Insurance rebate expenses	1,310.0	2,940.0	4,500.0	4,460.0	13,210.0
Departmental expenses	-2.0	..	..	..	-2.0
Medicare Levy Surcharge revenue	-	20.0	40.0	40.0	100.0
Total	1,308.0	2,960.0	4,540.0	4,500.0	13,308.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Private Health Insurance rebate outlays	1,180.0	2,780.0	4,340.0	4,460.0	12,760.0
Departmental outlays	-2.0	..	..	..	-2.0
Medicare Levy Surcharge receipts	-	20.0	40.0	40.0	100.0
Total	1,178.0	2,800.0	4,380.0	4,500.0	12,858.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Ending Tax Avoidance: Restoring Staff to the Tax Office
Summary of proposal:	<p>The proposal has two components.</p> <p>The first component would reverse the funding cuts within the Australian Taxation Office (ATO) that have occurred since the change of government on 12 September 2013. The number of ATO employees would be returned to the level on 12 September 2013.</p> <p>The second component would invest \$400 million evenly across four years in global diplomacy to ensure Australia is taking a leadership role in ending global tax avoidance strategies.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	22 June 2016 http://greens.org.au/sites/greens.org.au/files/Tax%20Avoidance%20Package_0.pdf
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease both the fiscal and underlying cash balances by \$1,960 million over the 2016-17 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses.

A detailed breakdown of the financial implications of the components of the proposal over the 2016-17 Budget forward estimates period is included at [Attachment A](#).

The proposed increase in ATO staffing levels in the first component of the proposal would be expected to have an impact on the level of revenue collections. However, there is not a simple relationship between the level of ATO staff and the level of revenue collections as the nature of functions undertaken by ATO staff can vary substantially. As the request does not indicate the roles of the additional ATO staff under the proposal, increased revenue attributable to additional ATO staffing levels would not be able to be reliably estimated.

The first component of this costing (restoring ATO staffing levels) is considered to be of medium reliability. Estimates of ATO staff numbers in the baseline and in the proposal are based on 2016-17 Budget estimates and several assumptions. While additional ATO staff may result in increased revenue collections, under the current specification of the proposal, this amount is not able to be reliably estimated.

The second component of this costing (global tax diplomacy) is considered to be of high reliability as the amount of funding is fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-390.0	-500.0	-510.0	-560.0	-1,960.0
Underlying cash balance	-390.0	-500.0	-510.0	-560.0	-1,960.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The number of ATO employees as of 12 September 2013 is assumed to be equal to the number of ATO employees reported by the Australian Public Service Commission (APSC) as of 30 June 2013.

Methodology

To estimate the cost of the proposal, the estimated ATO staffing level under the proposal and the baseline were compared, and the difference in staff numbers was multiplied by the average ATO staffing cost from the 2016-17 Budget.

The estimated cost of the global diplomacy portion of the proposal reflects the capped funding amounts specified in the request.

Estimates have been rounded to the nearest \$10 million.

Data sources

- Treasury Portfolio Budget Statements 2016-17 (ATO section)
- APSC Statistical Bulletin 30 June 2013

Attachment A: Ending Tax Avoidance: Restoring Staff to the Tax Office—financial implications

Table A: Ending Tax Avoidance: Restoring Staff to the Tax Office—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Restoring ATO staffing levels					
<i>Departmental expense - ATO</i>	-290.0	-400.0	-410.0	-460.0	-1,560.0
Global tax diplomacy					
<i>Departmental expense</i>	-100.0	-100.0	-100.0	-100.0	-400.0
Total	-390.0	-500.0	-510.0	-560.0	-1,960.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Renter's Rights
Summary of proposal:	<p>The proposal would introduce new national minimum standards for private residential tenancies. A new national body would be established to develop and oversee the implementation of these standards.</p> <p>In addition, the proposal would provide capped funding amounts of:</p> <ul style="list-style-type: none">• \$100 million per year to assist landlords to make upgrades to their properties in order to meet the new standards (\$500 per property for up to 200,000 properties per year)• \$10 million per year to review and increase funding to tenancy advice services in states and territories. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	20 June 2016
Date costing request received:	24 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$474 million over the 2016-17 Budget forward estimates period. The financial implications reflect an increase in administered expenses of \$421 million and an increase in departmental expenses of \$53 million. A breakdown of administered and departmental financial implications is at [Attachment A](#).

The proposal would have ongoing annual financial implications beyond the 2016-17 Budget forward estimates period similar to those in 2019-20.

This costing is considered to be of medium reliability. The elements of the proposal involving specified capped funding are of high reliability. The estimated financial implications for establishing a national body to set up and implement the new minimum standards are of medium reliability. These estimates are subject to uncertainty because the scope of the new national body is not finalised and would be subject to negotiation with states and territories.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-102.0	-124.0	-124.0	-124.0	-474.0
Underlying cash balance	-102.0	-124.0	-124.0	-124.0	-474.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has assumed that the establishment of the new agency would require a phase-in period over the first ten months of the proposal. During the phase-in period, additional departmental expenses for establishing and implementing the new minimum standards would be required.

Methodology

The administered expenditure estimates are as specified in the capped grant amounts.

Estimates of expenses for a national body to develop and implement new national standards are based on expenses for comparable agencies with responsibility for the development and implementation of national standards.

Departmental expenses for administering the capped grants under the landlord assistance package are in addition to the capped amounts as specified in the request. These estimates are based on similar programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered and departmental financial implications have been rounded to the nearest \$1 million.

Data sources

Department of Finance provided indexation and efficiency dividend parameters, and extracts from the Central Budget Management System for the 2016 Pre-election Economic and Fiscal Outlook.

Attachment A: Renter's Rights—financial implications

Table A1: Renter's Rights—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/outlays					
Administered					
<i>Landlord assistance package</i>	-83.0	-100.0	-100.0	-100.0	-383.0
<i>Tenancy advice services – additional funding</i>	-8.0	-10.0	-10.0	-10.0	-38.0
Total administered	-91.0	-110.0	-110.0	-110.0	-421.0
Departmental					
<i>New body to set and oversee national minimum standards for residential tenancies</i>	-9.0	-12.0	-12.0	-12.0	-45.0
<i>Department of Social Services^(c)</i>	-2.0	-2.0	-2.0	-2.0	-8.0
Total departmental	-11.0	-14.0	-14.0	-14.0	-53.0
Total	-102.0	-124.0	-124.0	-124.0	-474.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

(c) Departmental expenses for the Department of Social Services relate to the administering of the landlord assistance package only. The additional funding to tenancy advice services would not be expected to have departmental financial implications.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Save ARENA from Labor and Liberal cuts
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> • restore the Australian Renewable Energy Agency's (ARENA's) appropriation provided in the 2016-17 financial year to the level it was at prior to changes from Schedule 5 of the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i>, namely \$299,550,000. The existing appropriation schedule beyond 2016-17 would remain unchanged. • allow ARENA to enter into new spending commitments. <p>This proposal would commence on 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	17 May 2016
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal has two components: an increase in the 2016-17 appropriation for ARENA; and a removal of the current restriction on ARENA entering into new contractual commitments.

The 2016-17 Budget measure, *Clean and Renewable Energy Innovation – Clean Energy Finance Corporation and the Australian Renewable Energy Agency reversed the Australian Renewable Energy Agency (Repeal) Bill 2014*. It did not, however, enable ARENA to undertake new spending commitments.

Increasing the 2016-17 appropriation does not of itself have a financial impact. The budgetary impact only occurs when ARENA undertakes expenditure resulting in the appropriated funds leaving the general government sector. A comparison of the current and proposed ARENA appropriation and expenditure profiles is provided at [Attachment A](#).

This proposal would be expected to decrease the fiscal and underlying cash balances by \$1,029.3 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenditure of \$1,012.7 and in departmental expenditure of \$16.6 million.

This proposal would have financial implications beyond the 2016-17 Budget forward estimates period. The financial implications to 2022-23, the time at which the Parliamentary Budget Office (PBO) estimates ARENA would exhaust its legislated appropriation under this proposal, is provided at [Attachment B](#).

This costing is considered to be of medium reliability. While information regarding prescribed changes in ARENA's appropriation is known, estimates of future expenditure are less certain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-379.5	-258.5	-391.2	-1,029.3
Underlying cash balance	-	-379.5	-258.5	-391.2	-1,029.3

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

- Indicates nil.

Key assumptions

In costing this proposal it has been assumed that:

- increases in appropriation available in 2016-17 would have no impact on commitments in that year. This reflects advice from the Department of the Environment regarding the considerable timeframes associated with developing and committing to particular projects.
- ARENA would also undertake its role to jointly manage the Clean Energy Innovation Fund (as outlined in 2016-17 Budget measure, *Clean and Renewable Energy Innovation – Clean Energy Finance Corporation and the Australian Renewable Energy Agency*).

Methodology

Consistent with the policy specification, the 2016-17 appropriation for ARENA was increased from the level outlined in Schedule 5 of the *Clean Energy Legislation (Carbon Tax Repeal) Act 2014* to the level outlined in the *Australian Renewable Energy Agency Act 2011*.

Departmental expenditure was increased in line with the increase in administered expenditure.

Data sources

- The Department of the Environment provided data on projected ARENA investments and on the available balance from rolled over unused appropriation for the 2016-17 Budget forward estimates period.
- The Department of Finance provided indexation and efficiency dividend parameters.
- The *Australian Renewable Energy Act 2011*, <https://www.comlaw.gov.au/Details/C2012C00629>.
- The *Clean Energy Legislation (Carbon Tax Repeal) Act 2014*, <https://www.comlaw.gov.au/Details/C2014A00083>.

Attachment A: ARENA appropriation and expenditure profiles

Table A1: ARENA appropriation and expenditure profiles – baseline, proposed policy and deviation^(a)

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Baseline									
Opening balance of appropriation ^(b)	193.4	52.9	436.0	597.0	<i>N/A</i>	1,038.6	1,154.4	1,274.6	<i>N/A</i>
New appropriation ^(b)	57.0	499.9	237.0	468.3	1,262.2	135.0	135.0	-	1,532.2
Expenditure	-197.5	-116.8	-76.0	-26.7	-417.0	-19.2	-14.8	-	-451.0
Closing balance of appropriation ^(b)	52.9	436.0	597.0	1,038.6	<i>N/A</i>	1,154.4	1,274.6	1,274.6	<i>N/A</i>
Proposed policy									
Opening balance of appropriation ^(b)	193.4	295.5	299.1	201.6	<i>N/A</i>	251.9	145.5	105.5	<i>N/A</i>
New appropriation ^(b)	299.6	499.9	237.0	468.3	1,504.8	135.0	135.0	-	1,774.8
Expenditure	-197.5	-496.3	-334.5	-418.0	-1,446.3	-241.4	-175.0	-105.5	-1,968.2
Closing balance of appropriation ^(b)	295.5	299.1	201.6	251.9	<i>N/A</i>	145.5	105.5	-	<i>N/A</i>
Deviation									
Expenditure ^(c)	-	-379.5	-258.5	-391.2	-1,029.3	-222.3	-160.3	-105.5	-1,517.3

(a) Figures may not sum to totals due to rounding.

(b) Figures related to the level of or changes to the levels of appropriation relate to the stock of funding available to ARENA and do not reflect changes to the fiscal or underlying cash balances.

(c) A negative figure for expenditure indicates an increase in expenses and therefore a decrease in the fiscal and underlying cash balances.

- Indicates nil.

Attachment B: Save ARENA from Labor and Liberal cuts—financial implications

Table B1: Save ARENA from Labor and Liberal cuts—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2026–27
Impact on fiscal and underlying cash balances									
Administered	-	-372.9	-255.7	-384.1	-1,012.7	-219.9	-159.7	-102.6	-1,494.9
Departmental	-	-6.6	-2.8	-7.1	-16.6	-2.4	-0.6	-2.9	-22.4
Total	-	-379.5	-258.5	-391.2	-1,029.3	-222.3	-160.3	-105.5	-1,517.3

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual or cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Investing in Australian Science and Research
Summary of proposal:	<p>The proposal is comprised of a number of components, with Components 1 to 8 being ongoing grant programs indexed by the Consumer Price Index (CPI).</p> <p><u>Component 1: Core science funding</u></p> <ul style="list-style-type: none"> • \$83.3 million per year to the Australian Research Council (ARC). • \$83.3 million per year to the National Health and Medical Research Council (NHMRC). • \$33.3 million per year to Cooperative Research Centres (CRC). <p><u>Component 2: Supporting women in science</u></p> <ul style="list-style-type: none"> • \$50.0 million per year to research and innovation organisations to support women in science. <p><u>Component 3: Research infrastructure</u></p> <ul style="list-style-type: none"> • \$100.0 million per year for investment in research infrastructure to be administered by Innovation and Science Australia. <p><u>Component 4: International collaboration</u></p> <ul style="list-style-type: none"> • \$10.0 million per year to support international collaboration via the existing global innovation strategy. <p><u>Component 5: Future Fellowship Scheme</u></p> <ul style="list-style-type: none"> • \$70.0 million per year for the Future Fellowships Scheme. <p><u>Component 6: Open access publishing</u></p> <ul style="list-style-type: none"> • \$46.2 million per year to drive the development and implementation of a national program of open access publishing.

	<p><u>Component 7: Health and medical research</u></p> <ul style="list-style-type: none"> • \$47.0 million per year to support the phasing in of funding reforms that will progressively address the gap between direct and indirect funding for health and medical research. • \$40.0 million per year to fund four new integrated health research centres. <p><u>Component 8: Science, Technology, Engineering and Mathematics (STEM)</u></p> <ul style="list-style-type: none"> • \$41.7 million per year to support existing teacher training in STEM education. <p><u>Component 9: Reversing harsh budget cuts</u></p> <ul style="list-style-type: none"> • This component would reverse the following budget measures: <ul style="list-style-type: none"> – <i>Commonwealth Science and Industrial Research Organisation (CSIRO) job cuts</i> – <i>Science and Research Agencies – reduced funding</i> – <i>National Environmental Science program – establishment.</i> • Savings associated with measures to be reversed that have already been realised are to be reinvested back into the original programs, or allocated back to relevant agencies with any such reinvestments to be spread evenly over the first three years. <p>This proposal would commence on 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	19 May 2016
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would decrease the fiscal and underlying cash balances by \$3,140.0 million over the 2016-17 Budget forward estimates period. This impact is due to an increase of \$2,542.2 million in administered expenses and \$597.8 million in departmental expenses.

The proposal would have an impact beyond the 2016-17 Budget forward estimates period. A detailed breakdown of the financial impacts over the period 2016-17 to 2026-27 for the total (Table A1) and by component (Tables A2-10) is provided at [Attachment A](#).

Components 1 to 8 are considered to be of high reliability as they are based on specified capped amounts and the application of administrative costs based on similar programs. Component 9 is considered to be of low reliability as impacts are based on aggregate information of agency expenses on employees, which include both job reductions and any new positions created. The reliability of the costing decreases the further into the future the estimates are projected.

Key assumptions

It has been assumed that:

- despite the 1 September 2016 start date a full year of funding would be provided in 2016-17
- agencies would be able to fully utilise the temporary increases in funding associated with reinvestment of past savings under component 9 of the proposal (see Component 9 of *Methodology*).

Methodology

Components 1-8

Administered expenditure estimates in 2016-17 are as specified in the request, and indexed by CPI annually thereafter. Departmental expenditure estimates are in addition to the capped amounts and are based on other like initiatives and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Component 9

The financial implications of measures reversed under this proposal are based on data from the Central Budget Management System. Historical saving amounts have been grown by changes in CPI to reflect 2016-17 dollars.

Data sources

- The Department of Finance provided indexation parameters.
- The Treasury provided CPI projections.
- Extracts from the Central Budget Management System provided by the Department of Finance for Budget and Mid-Year Economic and Fiscal Outlook (MYEFO) for the years 2013-14, 2014-15 and 2015-16.

Attachment A: Investing in Australian Science and Research—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-614.3	-628.1	-643.6	-656.3	-2,542.2	-672.7	-689.5	-706.7	-724.4	-742.5	-761.1	-780.1	-7,619.2
Departmental	-156.8	-151.2	-170.5	-119.3	-597.8	-120.3	-121.2	-122.1	-123.1	-124.1	-125.0	-126.0	-1,459.6
Total	-771.1	-779.3	-814.0	-775.6	-3,140.0	-792.9	-810.7	-828.9	-847.5	-866.6	-886.1	-906.1	-9,078.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Core science funding—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
ARC grants	-83.3	-85.2	-87.4	-89.6	-345.5	-91.8	-94.1	-96.4	-98.8	-101.3	-103.9	-106.4	-1,038.3
NHMRC grants	-83.3	-85.2	-87.4	-89.6	-345.5	-91.8	-94.1	-96.4	-98.8	-101.3	-103.9	-106.4	-1,038.3
CRC grants	-33.3	-34.1	-34.9	-35.8	-138.2	-36.7	-37.6	-38.6	-39.5	-40.5	-41.5	-42.6	-415.3
Total - administered	-200.0	-204.6	-209.7	-214.9	-829.2	-220.3	-225.8	-231.4	-237.2	-243.2	-249.2	-255.5	-2,491.9
Departmental													
ARC grants	-1.9	-1.9	-1.9	-1.9	-7.4	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-2.0	-20.9
NHMRC grants	-1.9	-1.9	-1.9	-1.9	-7.4	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-2.0	-20.9
CRC grants	-1.0	-1.0	-1.0	-1.0	-3.8	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-10.7
Total - departmental	-4.7	-4.7	-4.7	-4.7	-18.7	-4.7	-4.7	-4.8	-4.8	-4.9	-4.9	-4.9	-52.4
Total	-204.7	-209.2	-214.3	-219.6	-847.9	-225.0	-230.5	-236.2	-242.1	-248.0	-254.1	-260.4	-2,544.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 2: Supporting women in science—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-50.0	-51.1	-52.4	-53.7	-207.3	-55.1	-56.5	-57.9	-59.3	-60.8	-62.3	-63.9	-623.0
Departmental	-1.6	-1.6	-1.6	-1.6	-6.4	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-17.9
Total	-51.6	-52.7	-54.0	-55.3	-213.7	-56.7	-58.1	-59.5	-61.0	-62.4	-64.0	-65.6	-640.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Research infrastructure—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-100.0	-102.3	-104.8	-107.5	-414.6	-110.1	-112.9	-115.7	-118.6	-121.6	-124.6	-127.7	-1,245.9
Departmental	-2.0	-2.0	-2.0	-2.0	-8.0	-2.0	-2.0	-2.0	-2.1	-2.1	-2.1	-2.1	-22.3
Total	-102.0	-104.3	-106.8	-109.5	-422.6	-112.2	-114.9	-117.8	-120.7	-123.7	-126.7	-129.8	-1,268.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A5: Component 4: International collaboration—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-10.0	-10.2	-10.5	-10.7	-41.5	-11.0	-11.3	-11.6	-11.9	-12.2	-12.5	-12.8	-124.6
Departmental	-0.5	-0.5	-0.5	-0.5	-1.9	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-5.4
Total	-10.5	-10.7	-11.0	-11.2	-43.4	-11.5	-11.8	-12.1	-12.4	-12.7	-13.0	-13.3	-130.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A6: Component 5: Future Fellowship Scheme—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-70.0	-71.6	-73.4	-75.2	-290.2	-77.1	-79.0	-81.0	-83.0	-85.1	-87.2	-89.4	-872.1
Departmental	-1.8	-1.8	-1.7	-1.8	-7.0	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-19.7
Total	-71.8	-73.4	-75.1	-77.0	-297.2	-78.9	-80.8	-82.8	-84.8	-86.9	-89.1	-91.3	-891.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A7: Component 6: Open access publishing—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-46.2	-47.2	-48.4	-49.6	-191.4	-50.9	-52.1	-53.4	-54.8	-56.1	-57.5	-59.0	-575.2
Departmental	-1.6	-1.6	-1.6	-1.6	-6.3	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-17.6
Total	-47.8	-48.8	-50.0	-51.2	-197.7	-52.4	-53.7	-55.0	-56.4	-57.8	-59.2	-60.6	-592.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A8: Component 7: Health and medical research—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
Funding reform for health and medical research	-47.0	-48.1	-49.3	-50.5	-194.9	-51.8	-53.1	-54.4	-55.8	-57.1	-58.6	-60.0	-585.6
Integrated health research centres	-40.0	-40.9	-41.9	-43.0	-165.8	-44.1	-45.2	-46.3	-47.4	-48.6	-49.8	-51.1	-498.4
Total - administered	-87.0	-89.0	-91.2	-93.5	-360.7	-95.8	-98.2	-100.7	-103.2	-105.8	-108.4	-111.1	-1,084.0
Departmental													
Funding reform for health and medical research	-1.6	-1.6	-1.6	-1.6	-6.3	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-17.6
Integrated health research centres	-1.5	-1.5	-1.5	-1.5	-6.1	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-17.1
Total - departmental	-3.1	-3.1	-3.1	-3.1	-12.4	-3.1	-3.1	-3.2	-3.2	-3.2	-3.2	-3.3	-34.7
Total	-90.1	-92.1	-94.3	-96.6	-373.1	-98.9	-101.4	-103.8	-106.4	-109.0	-111.7	-114.4	-1,118.7

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A9: Component 8: Science, Technology, Engineering and Mathematics—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-41.7	-42.6	-43.7	-44.8	-172.7	-45.9	-47.0	-48.2	-49.4	-50.7	-51.9	-53.2	-519.1
Departmental	-1.5	-1.5	-1.5	-1.5	-6.1	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-17.1
Total	-43.2	-44.1	-45.2	-46.3	-178.9	-47.4	-48.6	-49.8	-51.0	-52.2	-53.5	-54.8	-536.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A10: Component 9: Reversing harsh budget cuts—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
CSIRO job cuts	-	-	-	-	-	-	-	-	-	-	-	-	-
Science and Research Agencies – reduced funding	-	-	-	-	-	-	-	-	-	-	-	-	-
National Environment Science program	-9.4	-9.4	-9.4	-6.3	-34.6	-6.5	-6.6	-6.8	-7.0	-7.1	-7.3	-7.5	-83.4
Total - administered	-9.4	-9.4	-9.4	-6.3	-34.6	-6.5	-6.6	-6.8	-7.0	-7.1	-7.3	-7.5	-83.4
Departmental													
CSIRO job cuts	-77.4	-72.4	-91.7	-65.0	-306.5	-65.5	-66.0	-66.6	-67.1	-67.6	-68.1	-68.7	-776.1
Science and Research Agencies – reduced funding	-62.6	-62.1	-62.1	-37.6	-224.5	-37.9	-38.2	-38.5	-38.8	-39.1	-39.4	-39.7	-496.3
National Environment Science program	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - departmental	-140.0	-134.6	-153.8	-102.7	-531.0	-103.5	-104.3	-105.1	-105.9	-106.7	-107.6	-108.4	-1,272.5
Total	-149.4	-144.0	-163.3	-109.0	-565.7	-109.9	-110.9	-111.9	-112.9	-113.9	-114.9	-115.9	-1,355.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Expanding Denticare
Summary of proposal:	<p>The proposal would not proceed with the 1 July 2016 cessation of the Child Dental Benefits Scheme (CDBS) and would:</p> <ul style="list-style-type: none"> • from 1 July 2017, extend eligibility to the CDBS to aged pension recipients and full benefit income support recipients • from 1 July 2018, extend eligibility to the CDBS to Commonwealth Seniors Health Card (CSHC) holders and all other concession card holders. <p>The proposal would be partially offset by not proceeding with the recently announced national Child and Adult Public Dental Scheme (CAPDS). The CAPDS was announced in the 2016-17 Budget.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	15 June 2016
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$6,112.7 million and decrease the underlying cash balance by \$6,044.6 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this impact reflects an increase in administered expenses of \$5,914.8 million and in departmental expenses of \$197.9 million.

The proposal would have an ongoing financial impact beyond the 2016-17 Budget forward estimates. The ongoing annual impact would be in line with the impact in 2019-20 growing by population growth, demographic changes and indexation (equating to annual growth of around 5 per cent per year). A breakdown of the financial implications of this proposal is provided at [Attachment A](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to claims processing lags which would see a proportion of claims processed and paid in a different year to which the service is provided and the expense recorded.

This costing is considered to be of low 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 would be affected by changes in major variables, including the extent to which the introduction of subsidised dental care would affect demand for services.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	81.2	-1,774.1	-2,186.3	-2,233.5	-6,112.7
Underlying cash balance	51.2	-1,738.1	-2,172.2	-2,185.5	-6,044.6

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing the proposal, it has been assumed that:

- All individuals who choose to visit a dentist would be able to see a dentist, and there is no restriction on how many dentists a patient can visit for treatment services.

Relating to departmental expenditures, it has been assumed that:

- Recipient eligibility would be assessed at a point in time prior to the beginning of each phase-in period. Once eligible, individuals would not have their eligibility reassessed prior to the scheme becoming universal.
- One letter would be sent to each individual in their first year of eligibility advising them that they are eligible for the scheme.

Relating to behaviour, it has been assumed that:

- 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 extension of the CDBS to newly eligible persons is estimated to be a flat increase of 11.5 per cent.
- On average, the cost of an eligible adult accessing the expanded CDBS would be around 50 per cent higher than the cost of eligible children based on historical data on use of dental services by age group.

Methodology

No longer proceeding with the 1 July 2016 cessation of the CDBS

The estimated increase in administered and departmental expenses of not proceeding with the cessation of the CDBS was based on modelling provided by the Department of Health (Health) that informed the 2016-17 Budget measure, *Child and Adult Public Dental Scheme*.

Expansion of eligibility for CDBS

Administered expenses

Administered expense estimates were derived by taking the number of persons eligible in each year multiplied by the proportion of persons expected to access the scheme. This number was then multiplied by the expected average cost of adults using the range of services provided under the CDBS.

- Recipient numbers
 - The number of full benefit income support recipients has been based on information provided by the Department of Social Services and the Department of Employment.
 - The number of concession card holders was derived by taking the number of individuals receiving an income support payment plus data available on Commonwealth Seniors Health Card holders and bereavement allowance recipients.
- Average cost per adult
 - The average cost per adult was calculated by multiplying the following factors together:
 - ◆ the 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
 - ◆ the average number of visits in a 12-month period as reported in *Oral health and dental care in Australia*, AIHW, 2014.

Departmental expenses

Departmental expense estimates for the Department of Human Services (DHS) in this costing were derived using information provided by the DHS. The majority of the costs were modelled on the proportion of departmental to administered costs for the CDBS.

The costing has included higher funding for information and communications technology (ICT) purposes due to significant work that would need to be undertaken to ensure systems could cope with the higher numbers of transactions. It would also be anticipated that some departmental costs would be incurred prior to the commencement date as system upgrades would be required and individual eligibility would need to be determined.

The departmental costs for Health were calculated based on the increased number of persons accessing the expanded CDBS and costs for administering similar sized programs.

Not proceeding with the CAPDS

The estimated savings from not proceeding with the CAPDS was based on modelling provided by Health that informed the 2016-17 Budget measure, *Child and Adult Public Dental Scheme*.

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, 2014
 - 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.
- The Department of Finance provided the Central Budget Management System data for the 2016-17 Budget.

Attachment A: Expanding Denticare—financial implications

Table A1: Expanding Denticare—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Administered					
Not ceasing CDBS	-305.3	-310.2	-317.7	-335.2	-1,268.3
Extended eligibility for the CDBS	-	-1,825.0	-2,231.7	-2,278.8	-6,335.4
No longer proceeding with CAPDS	415.6	415.6	420.2	437.5	1,689.0
Total - administered	110.3	-1,719.5	-2,129.1	-2,176.5	-5,914.8
Departmental					
DHS	-27.3	-50.9	-53.6	-54.3	-186.2
Health	-1.8	-3.7	-3.6	-2.7	-11.7
Total - departmental	-29.1	-54.6	-57.2	-57.0	-197.9
Total	81.2	-1,774.1	-2,186.3	-2,233.5	-6,112.7

(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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Expanding Denticare—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Administered					
Not ceasing CDBS	-300.7	-305.2	-310.1	-317.6	-1,233.5
Extended eligibility for the CDBS	-	-1,793.9	-2,224.7	-2,247.0	-6,265.7
No longer proceeding with CAPDS	381.0	415.6	419.8	436.1	1,652.5
Total - administered	80.3	-1,683.5	-2,115.0	-2,128.5	-5,846.7
Departmental					
DHS	-27.3	-50.9	-53.6	-54.3	-186.2
Health	-1.8	-3.7	-3.6	-2.7	-11.7
Total - departmental	-29.1	-54.6	-57.2	-57.0	-197.9
Total	51.2	-1,738.1	-2,172.2	-2,185.5	-6,044.6

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Indigenous Rangers - Working on Country
Summary of proposal:	The proposal would double the annual funding provided for the Indigenous Ranger program and extend funding commitments to 15 year contracts. The proposal would have effect from 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	8 June 2016
Date costing request received:	24 June 2016
Date costing completed:	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease both the fiscal and underlying cash balances by \$287.4 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in administered expenses. The proposal is not expected to have a material impact on departmental expenses as the proposal relates to an expansion of an existing program.

The proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period with the annual decrease in the fiscal and underlying cash balances growing by around \$1.5 million per year from the impact in 2019-20.

This costing is considered to be of high reliability as it is based on the doubling of current program expenditure estimates provided by the Department of the Prime Minister and Cabinet (PM&C).

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-51.0	-77.4	-78.9	-80.2	-287.4
Underlying cash balance	-51.0	-77.4	-78.9	-80.2	-287.4

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing the proposal it has been assumed that additional funding in 2016-17 would be proportionate to the remaining period of the year following the 1 September 2016 commencement of the proposal.

Methodology

The impact of the proposal was derived as the difference between current program expenditure estimates and expenditure under the proposal, calculated by doubling current expenditure estimates.

The estimates for 2019-20 and beyond were derived by applying the appropriate indexation parameters.

Data sources

PM&C provided program estimates over 2015-16 to 2018-19 and advice on program indexation arrangements.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Working to close the gap: Equitable and culturally safe health care
Summary of proposal:	<p>The proposal would provide additional funding for key health programs through the provision of a number of funding commitments for eye, ear and kidney health and funding to support Aboriginal and Torres Strait Islander nurses and midwives. A full list of commitments is at Attachment A.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	8 June 2016
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$175.7 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in administered expense of \$154.1 million and an increase in departmental expenditure of \$21.6 million over this period.

This proposal would have an ongoing impact that extends beyond the forward estimates period. A breakdown of the proposal for the period 2016-17 to 2026-27 is at [Attachment B](#).

This costing is considered to be of high reliability as it is based on specified capped amounts with a small demand-driven component based on an existing service.

The Parliamentary Budget Office (PBO) has not undertaken any analysis of whether or not the prescribed funding amounts are adequate to achieve the activities outlined.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-22.5	-57.6	-54.6	-40.9	-175.7
Underlying cash balance	-22.5	-57.6	-54.6	-40.9	-175.7

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that:

- the development of a National Aboriginal and Torres Strait Islander Nursing Workforce Strategy would occur in 2016-17 only
- while the proposal would commence on 1 September 2016, the full amount of funding could be utilised in 2016-17.

Methodology

The estimates for the cost of interpreters were based on the existing cost of similar services provided through Australian Hearing and the rollout of the National Disability Insurance Scheme (NDIS)

Otherwise, departmental expenditure estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on other like programs and the estimates include the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters.
- Information provided by the Congress of Aboriginal and Torres Strait Islander Nurses and Midwives (CATSINaM).
- Australian Hearing (administered by the Department of Health) provided their expenditure on interpreter services.

Attachment A: Working to close the gap: Equitable and culturally safe health care—proposal details

Blindness prevention and closing the gap in eye health

Working to limit preventable blindness (capped funding amounts from 1 September 2016):

- \$10 million over four years (2016-17 to 2019-20) for an awareness campaign to encourage eye examinations and awareness of risk factors
- \$12 million over four years (2016-17 to 2019-20) to develop a comprehensive national eye health and vision strategy
- \$13 million over four years (2016-17 to 2019-20) for monitoring and research of national eye health and vision care.

Implementing the recommendations of the *Roadmap to Close the Gap for Vision* by providing capped funding of \$10.22 million over five years (2016-17 to 2020-21), and ongoing funding of \$2.92 million annually from 2021-22.

Hearing health

Improving hearing health (capped funding amounts from 1 July 2017):

- \$2 million in 2017-18 for a national database to track children with a hearing impairment
- \$15 million per annum ongoing for early evidence-based language and communication intervention for all children with hearing impairment prior to them starting school
- \$4 million per annum ongoing for sound field systems for new classrooms, and in all existing classrooms where there is a significant population of Aboriginal and Torres Strait Islander children
- \$2.5 million in 2017-18 and 2018-19 for an exemplar multidisciplinary project to address incidence of otitis media in Aboriginal and Torres Strait Islander communities
- Council of Australian Governments to prioritise hearing screenings and follow-up from all Aboriginal and Torres Strait Islander children from remote communities
- \$30 million fund over three years (2016-17 to 2018-19) for induction programs for teachers posted to schools in Aboriginal and Torres Strait Island communities
- to improve support for people with hearing impairment accessing the NDIS by providing:
 - \$2 million in 2017-18 and 2018-19 to develop an accreditation scheme to identify clinicians with the ability to provide appropriate services to adults with complex hearing rehabilitation needs
 - demand-driven funding for interpreters where needed for NDIS participants with hearing disabilities.

Kidney health

Implementing recommendations in the *Kidney Health Australia 2016-17 budget submission* (capped funding from 1 September 2016) by funding a national strategy on chronic kidney disease, involving:

- \$2 million over two years (2016-17 to 2017-18) for a taskforce to develop a national Action Plan on Aboriginal and Torres Strait Islander chronic kidney disease
- \$4 million over four years (2016-17 to 2019-20) for education and training for the Aboriginal and Torres Strait Islander health workforce
- \$4 million over four years (2016-17 to 2019-20) for appropriate patient support services in remote and regional locations.

Aboriginal and Torres Strait Islander Nurses and Midwives

Providing capped funding from 1 July 2017 of:

- \$1 million in 2017-18 for the development of a National Aboriginal and Torres Strait Islander Nursing Workforce Strategy
- \$12.54 million over three years (2017-18 to 2019-20) to support students
- \$412,672 over three years (2017-18 to 2019-20) for a mentoring program
- \$2.9 million over three years (2017-18 to 2019-20) for a Leaders in Indigenous Nursing and Midwifery Education (LINMEN) program
- \$2.75 million over three years (2017-18 to 2019-20) for CATSINaM.

Attachment B: Working to close the gap: Equitable and culturally safe health care—financial implications

Table B1: Working to close the gap: Equitable and culturally safe health care—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Blindness prevention and closing the gap in eye health													
Administered	-6.4	-7.1	-7.8	-8.5	-29.7	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-49.8
Departmental	-3.1	-3.1	-3.1	-3.2	-12.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-12.9
Hearing health													
Administered	-9.8	-35.2	-33.6	-19.3	-97.9	-19.3	-19.3	-19.4	-19.4	-19.4	-19.4	-19.4	-233.6
Departmental	-0.2	-0.7	-0.6	-0.4	-1.9	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-4.4
Kidney health													
Administered	-2.0	-2.0	-2.0	-2.0	-7.9	-	-	-	-	-	-	-	-7.9
Departmental	-1.0	-1.0	..	..	-2.1	-	-	-	-	-	-	-	-2.1
Aboriginal and Torres Strait Islander Nurses and Midwives													
Administered	-	-6.2	-6.2	-6.2	-18.6	-	-	-	-	-	-	-	-18.6
Departmental	-	-2.3	-1.3	-1.3	-5.0	-	-	-	-	-	-	-	-5.0
Total	-22.5	-57.6	-54.6	-40.9	-175.7	-22.7	-22.7	-22.8	-22.8	-22.8	-22.8	-22.8	-334.3

- (a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
- (b) Figures may not sum to totals due to rounding.
- .. Not zero but rounded to zero.
 - Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Accelerating the Electric Vehicle Revolution
Summary of proposal:	<p>The proposal has two components:</p> <p><u>Component 1: Free electric vehicle registration</u></p> <p>This component would pay state registration fees for five years when someone purchases a new electric vehicle and all new electric vehicles purchased prior to 30 June 2021 would be eligible for access to the scheme.</p> <p><u>Component 2: Building electric vehicle charging infrastructure</u></p> <p>This component would provide:</p> <ul style="list-style-type: none"> • a \$150 million grants program over the 2016-17 Budget forward estimates period for the installation of electric vehicle charging infrastructure for local governments (pools, sporting ovals, parks, libraries, council buildings), private companies managing publicly accessible parking (shopping centres) and state governments for public car parks (railway car parks). This program will subsidise the purchase and installation costs for a fast charge roadside station, up to a cap of \$45,000 per station. • a \$50 million grants program over the 2016-17 Budget forward estimates period for a non-government organisation (NGO) fleet ‘gap’ subsidy (eg home care nurses, Red Cross) to upgrade their passenger vehicle fleet to electric cars. <p>Departmental expenses for this proposal would be additional to the capped funding amounts.</p> <p>This proposal would commence on 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	18 May 2016

Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$216.0 million and the underlying cash balance by \$214.4 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this reflects an increase in administered expenses of \$213.4 million and departmental expenses of \$2.6 million.

This proposal would have an impact beyond the 2016-17 Budget forward estimates. A breakdown of the financial impacts over the period 2016-17 to 2026-27 and by component has been provided at [Attachment A](#).

This proposal has a different impact on the fiscal and underlying cash balances due to a lag between when electric vehicles are registered and when state and territory governments would lodge claims for payments from the Commonwealth Government.

The costing is considered to be of high reliability. The administered expenses estimates for the proposal are as specified in the request and the departmental costs are based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-51.0	-53.0	-54.9	-57.1	-216.0
Underlying cash balance	-50.9	-52.6	-54.4	-56.5	-214.4

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

(b) Figures may not sum to total due to rounding.

Key assumptions

Component 1: Free electric vehicle registration

In costing this component, the following assumptions have been made:

- Growth in electric vehicle sales would broadly be consistent with historic growth.
- The Commonwealth Government would make payments directly to state and territory governments for the registration of electric vehicles.
- Departmental costs per recipient would be in line with similar rebate schemes.

- The average cost of registration is based on a passenger vehicle of 1,504 kg or less registered for private use and excluding costs associated with compulsory third-party insurance and one-off charges such as licence plate costs.
- On average, there would be a three-month lag between the registration of an electric vehicle and payments being made by the Commonwealth Government.

Component 2: Building electric vehicle charging infrastructure

- While the component would commence on 1 January 2017, it has been assumed that the full 2016-17 funding allocation could be delivered within the year.

Methodology

Component 1: Free electric vehicle registration

Historic electric vehicle sales numbers have been projected and multiplied by the average motor vehicle registration costs.

Component 2: Building electric vehicle charging infrastructure

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- The Department of Industry, Innovation and Science provided historic data on electric vehicle sales.
- The Department of Finance provided efficiency dividend and indexation parameters.

Attachment A: Accelerating the Electric Vehicle Revolution—financial implications

Table A1: Accelerating the Electric Vehicle Revolution—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-50.5	-52.4	-54.2	-56.3	-213.4	-8.8	-7.9	-6.5	-4.8	-2.6	-	-	-244.0
Departmental	-0.5	-0.6	-0.7	-0.7	-2.6	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-5.3
Total	-51.0	-53.0	-54.9	-57.1	-216.0	-9.2	-8.4	-7.0	-5.3	-3.2	-0.2	-	-249.3

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Accelerating the Electric Vehicle Revolution—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-50.4	-51.9	-53.7	-55.8	-211.8	-8.2	-8.1	-6.9	-5.2	-3.1	-0.6	-	-244.0
Departmental	-0.5	-0.6	-0.7	-0.7	-2.6	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-5.3
Total	-50.9	-52.6	-54.4	-56.5	-214.4	-8.6	-8.6	-7.4	-5.8	-3.7	-0.8	-	-249.3

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 1: Free electric vehicle registration—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-0.5	-2.4	-4.2	-6.3	-13.4	-8.8	-7.9	-6.5	-4.8	-2.6	-	-	-44.0
Departmental	-0.2	-0.3	-0.3	-0.4	-1.2	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-3.9
Total	-0.7	-2.7	-4.5	-6.7	-14.6	-9.2	-8.4	-7.0	-5.3	-3.2	-0.2	-	-47.9

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 1: Free electric vehicle registration—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-0.4	-1.9	-3.7	-5.8	-11.8	-8.2	-8.1	-6.9	-5.2	-3.1	-0.6	-	-44.0
Departmental	-0.2	-0.3	-0.3	-0.4	-1.2	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-3.9
Total	-0.6	-2.2	-4.1	-6.2	-13.0	-8.6	-8.6	-7.4	-5.8	-3.7	-0.8	-	-47.9

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 2: Building electric vehicle charging infrastructure—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
<i>Administered</i>													
Electric vehicle charging infrastructure	-37.5	-37.5	-37.5	-37.5	-150.0	-	-	-	-	-	-	-	-150.0
NGO fleet gap subsidy	-12.5	-12.5	-12.5	-12.5	-50.0	-	-	-	-	-	-	-	-50.0
Total administered	-50.0	-50.0	-50.0	-50.0	-200.0	-	-	-	-	-	-	-	-200.0
<i>Departmental</i>													
Electric vehicle charging infrastructure	-0.3	-0.3	-0.3	-0.3	-1.1	-	-	-	-	-	-	-	-1.1
NGO fleet gap subsidy	-0.1	-0.1	-0.1	-0.1	-0.4	-	-	-	-	-	-	-	-0.4
Total departmental	-0.4	-0.4	-0.4	-0.4	-1.4	-	-	-	-	-	-	-	-1.4
Total	-50.4	-50.4	-50.4	-50.4	-201.4	-	-	-	-	-	-	-	-201.4

(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 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 outlays or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in outlays or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	National Anti-Corruption Watchdog
Summary of proposal:	The proposal would establish a standing independent commission against corruption (the commission) to investigate matters relating to the federal public service and the Parliament. The proposal would have effect from 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	9 June 2016
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$109.0 million over the 2016-17 Budget forward estimates period. This reflects an increase in departmental expenses of \$100.0 million and an increase in departmental related capital expenses of \$9.0 million over the 2016-17 Budget forward estimates period.

The proposal would also have an ongoing impact, and financial implications for the period 2016-17 to 2026-27 are provided at [Attachment A](#).

The costing is considered to be of medium reliability. While expenditure estimates for the commission are based on the NSW Independent Commission Against Corruption (ICAC), the size and scope of the proposed commission are uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-25.7	-30.3	-26.3	-26.7	-109.0
Underlying cash balance	-25.7	-30.3	-26.3	-26.7	-109.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that:

- the commission would be of a similar size and scope to the NSW ICAC
- capital works relating to the establishment of the commission would be undertaken over the first 21 months from the establishment date of 1 September 2016.

Methodology

Departmental expenses estimates are based on NSW ICAC expenses estimates for 2015-16 projected to account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices. The estimate for 2016-17 accounts for a part effect due to the 1 September 2016 start date.

Departmental capital expenses were estimated based on expenses for the recent upgrade of infrastructure for the NSW ICAC.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters.
- NSW Independent Commission Against Corruption Annual Reports.
- NSW Government 2015-16 Budget Paper 3.

Attachment A: National anti-corruption watchdog—financial implications

Table A1: National anti-corruption watchdog—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal and underlying cash balances													
Departmental	-25.7	-30.3	-26.3	-26.7	-109.0	-27.2	-27.7	-28.2	-28.7	-29.2	-29.7	-30.3	-310.0
Total	-25.7	-30.3	-26.3	-26.7	-109.0	-27.2	-27.7	-28.2	-28.7	-29.2	-29.7	-30.3	-310.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Political Donation and Lobbyist Reforms: Upgrade Websites
Summary of proposal:	<p>The proposal would provide the Australian Electoral Commission and Department of the Prime Minister and Cabinet with \$1.7 million over two years to implement refreshed websites with real time donations disclosure, members of parliament register of interests and the lobbyists register, and make their websites generally more user friendly.</p> <p>The program would provide \$1 million in the first year and \$0.7 million in the second year.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	24 June 2016 http://lee-rhiannon.greensmps.org.au/content/blog/national-icac-initiative
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$1.7 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in departmental expenses.

This proposal would not be expected to have impacts beyond the forward estimates period as it terminates in 2018-19.

No analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

This costing is considered to be of high reliability as it is based on specified capped amounts.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-1.0	-0.7	-	-1.7
Underlying cash balance	-	-1.0	-0.7	-	-1.7

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

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Marine reserves: protecting our marine ecosystems
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Marine park management plans</u></p> <ul style="list-style-type: none"> • This component would reinstate the marine park management plans that were scheduled to come into effect in July 2014 for the South-West, North-West, North and Temperate East reserve networks and the Coral Sea Commonwealth Marine Reserve. <p><u>Component 2: Fisheries Adjustment Assistance Package</u></p> <ul style="list-style-type: none"> • This component would reinstate the Fisheries Adjustment Assistance Package associated with the introduction of marine park management plans as intended prior to the 2013 election, including the following components: <ul style="list-style-type: none"> – Transitional Business Assistance to support changes to fishing operations displaced by reserves. – A total of up to \$20 million for ‘Sectoral measures’, to be awarded to projects to improve the long term sustainability of fisheries displaced by marine reserves. – Removal of Commercial Fishing Effort - purchase of individual fishing entitlements, Business Advice Assistance and Re-employment assistance. <p><u>Component 3: Research funding</u></p> <ul style="list-style-type: none"> • This component would provide capped funding of: <ul style="list-style-type: none"> – \$8 million over the period 2016-17 to 2019-20 to the Commonwealth Science and Industrial Research Organisation (CSIRO) for coral bleaching research. – \$6 million over the period 2017-18 to 2019-20 for shark research.

	<p><u>Component 4: Shark finning</u></p> <ul style="list-style-type: none"> • This component would provide funding from 1 July 2017 to: <ul style="list-style-type: none"> – work through the Council of Australian Governments (COAG) to achieve consistent laws requiring that all sharks caught in Australia must be landed with their fins still attached to their bodies – create a central data source that records Australian sharks caught, species, and full details of shark fin imports and exports – create a working group of scientific and public policy experts (five Senior Executive Service (SES) Band 2 officers, five scientific experts) that would meet over two years (2017-18 and 2018-19) to determine the best way to ban the possession, sale and/or trade of imported shark fins in Australia, and consider options such as a moratorium on shark fishing in Commonwealth waters, or an import/export ban. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	8 June 2016 http://greens.org.au/marine;
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$151.0 million over the 2016-17 Budget forward estimates period. The impact is due to an increase in administered expenses of \$60.6 million and departmental expenses of \$90.4 million.

Component 1 of this proposal would have an ongoing impact that extends beyond the forward estimates period. Breakdowns of the financial impact for the total and each component of this proposal for the period 2016-17 to 2026-27 are provided at Attachment A.

Components 1 and 2 of this proposal are considered to be of high reliability as they are based on past estimates of funding. Component 3 of this proposal is also considered to be of high reliability as the estimates are based on specified capped funding amounts. Component 4 is considered to be of medium reliability due to the uncertainty of the scope of the central data source element.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-39.5	-50.0	-39.5	-21.8	-151.0
Underlying cash balance	-39.5	-50.0	-39.5	-21.8	-151.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that working group meetings in Component 4 would be held in Commonwealth offices and existing SES officers would be utilised.

Methodology

The estimates for Component 1 were based on the estimated funding that would have been provided for marine park management plans over the period 2014-15 to 2015-16 accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

The estimates for Component 2 were based on the estimated funding that would have been provided for the Fisheries Adjustment Assistance Package over the period 2013-14 to 2016-17 accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices. Administered expenses for the ‘sectoral measures’ subcomponent were capped at \$20 million as specified.

The estimates for Component 3 are as specified in the request.

For the central data source and COAG elements of Component 4, departmental expenditure estimates are based on other like programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

For the working group meetings element of Component 4, departmental expenditure estimates are calculated based on applying daily rates for professional services determined by the Remuneration Tribunal and current average travel expenses of similar activities (with appropriate indexation) to the specified number of scientific experts and meetings to be held.

Data sources

- The Department of the Environment provided expenditure estimates for:
 - the Fisheries Adjustment Assistance Package disaggregated by components over the period 2013-14 to 2016-17
 - marine park plans over the period 2012-13 to 2015-16.
- The Remuneration Tribunal, 2015-20 Remuneration and Allowances for Holders of Component-Time Public Office, <http://www.remtribunal.gov.au/offices/Component-time-offices>.
- The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Marine reserves: protecting our marine ecosystems—financial implications

Table A1: Marine reserves: protecting our marine ecosystems—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Component 1	-14.8	-17.0	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6
Component 2	-22.7	-28.3	-17.7	-	-68.8	-	-	-	-	-	-	-	-68.8
Component 3	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0
Component 4	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5
Total	-39.5	-50.0	-39.5	-21.8	-151.0	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-272.9

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Marine park management plans—financial implications^{(a)(b)}

(\$m)	2016– 17	2017– 18	2018– 19	2019– 20	Total to 2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	Total to 2026– 27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-14.8	-17.0	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6
Total	-14.8	-17.0	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Fisheries Adjustment Assistance Package—financial implications^{(a)(b)}

(\$m)	2016– 17	2017– 18	2018– 19	2019– 20	Total to 2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	Total to 2026– 27
Impact on fiscal and underlying cash balances													
Administered	-18.5	-26.0	-16.0	-	-60.6	-	-	-	-	-	-	-	-60.6
Departmental	-4.2	-2.3	-1.7	-	-8.2	-	-	-	-	-	-	-	-8.2
Total	-22.7	-28.3	-17.7	-	-68.8	-	-	-	-	-	-	-	-68.8

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: Research funding—financial implications^{(a)(b)}

(\$m)	2016– 17	2017– 18	2018– 19	2019– 20	Total to 2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	Total to 2026– 27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0
Total	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 4: Shark finning—financial implications^{(a)(b)}

(\$m)	2016– 17	2017– 18	2018– 19	2019– 20	Total to 2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	Total to 2026– 27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5
Total	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Close offshore detention and build safer pathways
Summary of proposal:	<p>This proposal contains five components:</p> <p><u>Component 1: End offshore detention</u></p> <p>This component would:</p> <ul style="list-style-type: none"> Abolish Australian-funded offshore detention centres, honouring all contractual commitments in place at 1 January 2017. Establish a 30-day time limit on onshore immigration detention on Christmas Island and the Australian mainland. Accommodate the majority of asylum seekers in community detention or general society while claims are processed. <p><u>Component 2: Increase Australia’s humanitarian intake</u></p> <p>This component would increase Australia’s annual humanitarian intake to 40,000 places per year. Australia’s humanitarian intake would be:</p> <ul style="list-style-type: none"> 2016-17: 30,000 2017-18: 35,000 2018-19: 40,000 2019-20: 40,000 Beyond the 2016-17 Budget forward estimates period Australia’s humanitarian intake would revert to current policy settings. <p><u>Component 3: Refugee skilled visa places</u></p> <p>This component would reserve 10,000 places for refugees within the existing skilled migration visa program.</p> <p><u>Component 4: UNHCR funding</u></p> <p>This component would provide additional funding of \$500 million to the United Nations High Commissioner for Refugees (UNHCR) over the 2016-17 Budget forward estimates period.</p>

	<p><u>Component 5: Immigration administration</u></p> <p>This component would:</p> <ul style="list-style-type: none"> Abolish the Australian Border Force (ABF) and restore immigration administration to the Department of Immigration and Border Protection (DIBP). Abolish temporary protection visas (TPVs). <p>This proposal would commence from 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	7 June 2016 http://greens.org.au/sites/greens.org.au/files/20160607_A%20Better%20Way%20for%20People%20Seeking%20Asylum_1.pdf
Date costing request received:	27 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal balance by \$1,232.6 million and the underlying cash balance by \$1,234.4 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this impact reflects a decrease in administered expenses of \$990.5 million, an increase in revenue of \$304.4 million and a decrease in capital expenses of \$2.8 million. This would be partially offset by an increase in departmental expenses of \$65.0 million.

The proposal would be expected to have a different impact on the fiscal and underlying cash balances due to a lag between when services are provided and when payments are made under a range of programs.

Components 1 and 2 of this proposal would have impacts beyond the 2016-17 Budget forward estimates period. Components 3, 4 and 5 would not be expected to have impacts beyond the 2016-17 Budget forward estimates period. A breakdown of the financial impacts of the components of this proposal over the period 2016-17 to 2026-27 has been provided at [Attachment A](#).

The costs associated with the proposed increase in the humanitarian intake (Component 2) would have an increasing negative impact on the budget over the 2016-17 forward estimates period and a diminishing negative impact on the budget beyond the 2016-17 Budget forward estimates period. This reflects the temporary nature of the increase in the humanitarian intake as well as financial impacts which extend beyond the year of arrival, such as costs of education.

This costing is considered to be of low reliability due to the considerable uncertainty around the magnitude of the potential behavioural responses, particularly the number of boat arrival asylum seekers.

This analysis does not include any potential impact of the proposal on the numbers of asylum seekers, as it is not able to be determined with any accuracy. Any change in arrival rates as result of this proposal could significantly alter its financial impact.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	430.6	668.5	256.4	-122.9	1,232.6
Underlying cash balance	430.7	668.7	257.1	-122.1	1,234.4

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that:

- Contracts related to offshore immigration detention are of a short-term nature, based on DIBP advice.
- There would be sufficient capacity in current on-shore detention facilities to accommodate those persons who would be transferred from offshore detention. Accordingly, the costing provides no additional capital expenditure as a result of this proposal.
- The age breakdown of the humanitarian intake from the Department of Education and Training could be applied to all other agency models in which age disaggregation was necessary.
- The humanitarian intake associated with the 2015-16 Mid-year Economic and Fiscal Outlook (MYEFO) measure, Syrian and Iraqi humanitarian crisis would occur over two years (2015-16 to 2016-17) with the assumed profile based on advice from DIBP.
- The proposal to restore ABF functions to DIBP would not have a material impact on the functions being performed or the departmental costs associated with performing these functions.
- Existing holders of TPVs are transferred to Permanent Protection Visas upon abolition of TPVs with no material impact on costs.
- There would be no departmental costs associated with increasing Australia’s contribution to the UNHCR.
- The proposal to reserve 10,000 places for refugees within the existing skilled migration visa program would have no financial impact based on advice from DIBP and the requirements for the granting of skilled migrant visas would be unchanged and the visas granted would be skilled migrant visas.

Methodology

Component 1: End offshore detention

Costing the changes to onshore and offshore detention arrangements relied on extended onshore and offshore detention costing models provided by DIBP. This framework was augmented to incorporate information on existing contracts associated with offshore detention provided by the DIBP.

Component 2: Increase Australia's humanitarian intake

Costing the increase to the humanitarian intake was based on a number of agency costing models associated with the 2015-16 MYEFO measure, *Syrian and Iraqi humanitarian crisis*. The intake from this measure over the 2016-17 Budget forward estimates period has been estimated based on advice from DIBP.

Component 3: Refugee skilled visa places

This component would have no financial impact (see Key assumptions).

Component 4: UNHCR funding

Increasing Australia's funding to the UNHCR was based on the specified amounts and profile across the 2016-17 Budget forward estimates. This component of the proposal would not have any material impact on departmental costs.

Component 5: Immigration administration

This component would have no financial impact (see Key assumptions).

Data sources

Departmental costing models for the humanitarian intake associated with the 2015-16 MYEFO measure, *Syrian and Iraqi humanitarian crisis* from the:

- Australian Tax Office
- Department of Education and Training
- Department of Employment
- Department of Health
- Department of Human Services
- Department of Immigration and Border Protection
- Department of Social Services
- Department of the Treasury.

DIBP also supplied details of existing contracts associated with offshore detention as well as onshore and offshore detention costing models. Additionally, DIBP provided asylum seeker flow numbers as at 2016-17 Budget.

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Close offshore detention and build safer pathways — financial implications

Table A1: Close offshore detention and build safer pathways – Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	8.4	35.9	98.8	161.3	304.4	195.7	200.1	204.6	209.2	213.9	218.7	223.6	1,770.1
Expenses													
Administered	421.5	641.0	180.0	-252.0	990.5	-341.2	-240.4	-162.1	-18.8	177.6	281.4	356.4	1,043.3
Departmental	0.1	-9.4	-23.6	-32.1	-65.0	-8.9	-2.9	1.6	6.7	10.4	13.3	15.6	-29.2
Capital	0.5	1.0	1.3	-	2.8	-	-	-	-	-	-	-	2.8
Total expenses	422.1	632.6	157.6	-284.1	928.3	-350.1	-243.4	-160.5	-12.1	188.1	294.6	371.9	1,016.9
Total	430.6	668.5	256.4	-122.9	1,232.6	-154.4	-43.3	44.1	197.1	402.0	513.3	595.5	2,787.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Close offshore detention and build safer pathways – Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	8.4	35.9	98.8	161.3	304.4	195.7	200.1	204.6	209.2	213.9	218.7	223.6	1,770.1
Expenses													
Administered	421.7	641.2	180.6	-251.2	992.2	-340.3	-239.6	-161.1	-18.0	178.7	282.3	357.5	1,051.8
Departmental	0.1	-9.4	-23.6	-32.1	-65.0	-8.9	-2.9	1.6	6.7	10.4	13.3	15.6	-29.2
Capital	0.5	1.0	1.3	-	2.8	-	-	-	-	-	-	-	2.8
Total expenses	422.3	632.9	158.3	-283.3	930.0	-349.2	-242.5	-159.5	-11.2	189.1	295.6	373.0	1,025.4
Total	430.7	668.7	257.1	-122.1	1,234.4	-153.5	-42.4	45.1	198.0	403.0	514.3	596.6	2,795.4

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 1 - End offshore detention – Financial implications (outturn prices)^{(a)(b)(c)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Offshore detention													
Administered	409.9	784.3	758.9	747.3	2,700.4	756.6	752.0	754.6	763.0	773.3	773.3	773.3	8,046.6
Departmental	16.0	31.5	31.1	31.0	109.7	30.9	30.9	30.8	31.0	31.4	31.4	31.4	327.3
Capital	0.5	1.0	1.3	-	2.8	-	-	-	-	-	-	-	2.8
Total offshore detention	426.4	816.8	791.3	778.3	2,812.8	787.5	782.9	785.4	794.1	804.7	804.7	804.7	8,376.7
Onshore detention^(c)													
Administered	87.0	217.2	212.8	204.7	721.7	202.1	251.1	245.5	259.3	274.7	252.0	229.4	2,435.8
Departmental	-4.9	-6.0	-2.8	-2.3	-16.0	-2.2	-2.8	-2.7	-2.8	-3.0	-2.7	-2.5	-34.6
Total onshore detention	82.2	211.2	209.9	202.4	705.7	199.8	248.4	242.8	256.5	271.7	249.3	226.9	2,401.2
Total	508.6	1,028.0	1,001.2	980.7	3,518.5	987.3	1,031.2	1,028.3	1,050.6	1,076.4	1,054.0	1,031.6	10,777.9

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

(c) The reduction in expenditure on onshore detention reflects the difference between costs associated with onshore held detention and onshore community detention.

- Indicates nil.

Table A4: Component 2 – Increase Australia’s humanitarian intake – Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	8.4	35.9	98.8	161.3	304.4	195.7	200.1	204.6	209.2	213.9	218.7	223.6	1,770.1
Expenses													
Administered	-146.8	-503.4	-934.6	-1,346.9	-2,931.6	-1,299.8	-1,243.6	-1,162.2	-1,041.2	-870.3	-744.0	-646.3	-9,939.1
Departmental	-11.0	-34.9	-51.9	-60.8	-158.6	-37.6	-31.0	-26.5	-21.5	-18.0	-15.4	-13.3	-321.9
Total expenses	-157.8	-538.3	-986.5	-1,407.7	-3,090.3	-1,337.4	-1,274.6	-1,188.7	-1,062.7	-888.3	-759.3	-659.6	-10,261.0
Total	-149.4	-502.4	-887.7	-1,246.4	-2,785.9	-1,141.7	-1,074.5	-984.2	-853.5	-674.4	-540.7	-436.0	-8,490.9

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

(b) Figures may not sum to totals due to rounding.

Table A5: Component 2 – Increase Australia’s humanitarian intake – Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	8.4	35.9	98.8	161.3	304.4	195.7	200.1	204.6	209.2	213.9	218.7	223.6	1,770.1
Expenses													
Administered	-146.7	-503.1	-933.9	-1,346.1	-2,929.9	-1,298.9	-1,242.7	-1,161.2	-1,040.3	-869.3	-743.1	-645.2	-9,930.6
Departmental	-11.0	-34.9	-51.9	-60.8	-158.6	-37.6	-31.0	-26.5	-21.5	-18.0	-15.4	-13.3	-321.9
Total expenses	-157.7	-538.0	-985.8	-1,406.9	-3,088.5	-1,336.5	-1,273.7	-1,187.7	-1,061.8	-887.3	-758.4	-658.5	-10,252.5
Total	-149.3	-502.2	-887.0	-1,245.6	-2,784.1	-1,140.8	-1,073.6	-983.2	-852.6	-673.4	-539.7	-434.9	-8,482.4

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

(b) Figures may not sum to totals due to rounding.

Table A6: Component 3: Refugee skilled visa places – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A7: Component 4: UNHCR funding – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	71.4	142.9	142.9	142.9	500.0	-	-	-	-	-	-	-	500.0
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	71.4	142.9	142.9	142.9	500.0	-	-	-	-	-	-	-	500.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A8: Component 5: Immigration administration – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

(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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Community Owned Clean Energy
Summary of proposal:	<p>The proposal has three components:</p> <p><u>Component 1</u></p> <p>This component includes:</p> <ul style="list-style-type: none"> • Introducing an income tax exemption for earnings arising from investment in Community Owned Renewable Energy (CORE) projects. Earnings arising from the generation of up to 150 per cent of average annual household electricity consumption would be considered exempt income for the purpose of calculating income tax. • Providing \$150 million over the 2016-17 Budget forward estimates period, \$75 million in 2017-18 and \$75 million in 2018-19, to contribute to the establishment of 50 community powerhouses, with departmental expenses to be met from within the allocated amounts. <p><u>Component 2</u></p> <p>Provide \$2 million per annum from 2016-17 to support the establishment of a Community Power Network to enable business models, strategy and information to be shared between community clean energy projects, with departmental expenses to be met from within the allocated amounts.</p> <p><u>Component 3</u></p> <p>Provide \$100 million over the 2016-17 Budget forward estimates period to support the establishment of a Solar Communities program. The program would replace the existing Solar Towns program and expand access to schools and other public institutions, and to greenfield community renewable projects, and allow funding for solar storage systems, solar photovoltaic systems, and solar hot water systems, with departmental expenses to be allocated in addition to the allocated amounts.</p> <p>The proposal would have effect from 1 September 2016.</p>

Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	5 June 2016 http://greens.org.au/community-renewables
Date costing request received:	27 June 2016
Date costing completed:	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$265.1 million over the 2016-17 Budget forward estimates period. This reflects a decrease in revenue of \$3.5 million, and an increase of \$255.6 million in administered expenses and an increase of \$6.0 million in departmental expenses over this period.

A breakdown of the financial implications over the 2016-17 Budget forward estimates period is provided at [Attachment A](#).

Components 1 and 2 would be expected to have ongoing financial implications beyond the 2016-17 Budget forward estimates period. The impact of the proposal in 2019-20 is indicative of the ongoing impact of the proposal.

The income tax exemption component of this costing is considered to be of low reliability. It relies on a number of assumptions, and variations in assumptions may lead to a significant change in the estimated financial impact.

The remaining components of this costing are considered to be of high reliability, as they have been estimated based on specified capped amounts. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-28.1	-103.7	-104.0	-29.3	-265.1
Underlying cash balance	-28.1	-103.7	-104.0	-29.3	-265.1

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- For the purpose of this costing, investment in CORE projects refers to investment in community entities that invest in renewable energy projects, as detailed in the Coalition for Community Energy's *National Community Energy Strategy* report.
- Average household electricity consumption has been estimated based on the *Electricity bill benchmarks for residential customers* report by ACIL Allen Consulting and the *Australian electricity market analysis report to 2020 and 2030* by the Commonwealth Scientific and Industrial Research Organisation (CSIRO).
- The average return and number of investors for CORE projects has been estimated based on the Coalition for Community Energy National Community Energy Strategy report.
- All investors in CORE projects are assumed to utilise the maximum tax exemption in each financial year.

Methodology

- Exempt income for each financial year was estimated based on the number of investors, average household electricity consumption and average return per kilowatt hour.
- An average marginal tax rate for investors in each financial year was estimated using a de-identified 16 per cent sample of personal income tax and superannuation unit record files.
- The financial implications for each financial year were then estimated by applying the average marginal tax rate to the exempt income.
- This costing takes into account the timing of tax collections and the part-year effect of the proposal in 2016-17.
- Administered expenses are based on specified capped amounts. Estimates for the Solar Communities component are based on an even distribution of the specified \$100 million funding over each year of the 2016-17 Budget forward estimates period.
- Departmental expenses for the tax exemption component of the proposal have been estimated based on the expected ongoing administrative cost of compliance and determination of eligible entities for the tax exemption.
- Departmental expenses for the community powerhouses, Solar Communities and Community Power Network components of the proposal have been estimated based on similar previous Budget measures.
- Estimates have been rounded to the nearest \$100,000.

Data sources

- De-identified 16 per cent sample of personal income tax and superannuation unit record files for the 2012-13 financial year from the Australian Taxation Office.
- *National Community Energy Strategy*, Coalition for Community Energy.
- *Electricity bill benchmarks for residential customers* – March 2015, ACIL Allen Consulting.
- *Australian electricity market analysis report to 2020 and 2030*, CSIRO.
- The Department of the Environment (DoE) provided information on funding for the Solar Towns program.
- The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Community Owned Clean Energy— financial implications

**Table A1: Community Owned Clean Energy (combined impact) —Financial implications
(outturn prices)^{(a)(b)}**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Revenue					
Revenue	-0.2	-0.8	-1.1	-1.4	-3.5
Expenses					
Administered	-26.9	-100.9	-100.9	-26.9	-255.6
Departmental	-1.0	-2.0	-2.0	-1.0	-6.0
Total expenses	-27.9	-102.9	-102.9	-27.9	-261.6
Total	-28.1	-103.7	-104.0	-29.3	-265.1

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Introduction of tax breaks for investment in CORE and establishment of Community Powerhouses—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Revenue					
CORE income tax exemption	-0.2	-0.8	-1.1	-1.4	-3.5
Expenses					
Administered – Community Powerhouses	-	-74.0	-74.0	-	-148.0
Departmental – CORE – ATO	-0.2	-0.2	-0.2	-0.2	-0.8
Departmental – Community Powerhouses – DoE	-	-1.0	-1.0	-	-2.0
Total expenses	-0.2	-75.2	-75.2	-0.2	-150.8
Total	-0.4	-76.0	-76.3	-1.6	-154.3

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Establishment of a Community Power Network—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expenses					
Administered	-1.9	-1.9	-1.9	-1.9	-7.6
Departmental – DoE	-0.1	-0.1	-0.1	-0.1	-0.4
Total	-2.0	-2.0	-2.0	-2.0	-8.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: Replacement of existing Solar Towns program — Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expenses					
Administered	-25.0	-25.0	-25.0	-25.0	-100.0
Departmental – DoE	-0.7	-0.7	-0.7	-0.7	-2.8
Total	-25.7	-25.7	-25.7	-25.7	-102.8

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Reducing income inequality
Summary of proposal:	<p>This proposal has a number of components, with components 1 and 2 being increases to income support payments, component 3 being a reversal of earlier cuts to income support payments, and components 4 to 7 being a range of policies intended to strengthen the social safety net.</p> <p><u>Component 1: Increase the rates of Newstart Allowance and Youth Allowance for single people</u></p> <ul style="list-style-type: none"> • Increase the single rates of Newstart Allowance (NSA) and independent Youth Allowance (YA) by \$55 a week. • Change the indexation arrangements for these payments from the Consumer Price Index (CPI) to the higher of the CPI, Male Total Average Weekly Earnings (MTAWE), or Pensioner and Beneficiary Cost of Living Index (PBCLI). • Decrease the eligibility age to access NSA from 25 years to 22 years of age. <p><u>Component 2: Increase the Parenting Payment (Single)</u></p> <ul style="list-style-type: none"> • Increase the Parenting Payment (Single) (PPS) qualifying age of the youngest dependent child from eight to 16 years of age. <p><u>Component 3: Reverse Budget measures</u></p> <ul style="list-style-type: none"> • Reverse the 2014-15 Budget measure <i>Apply the One-Week Ordinary Waiting Period to all Working Age Payments</i> and the related 2015-16 Budget measure <i>Exclude Widow Allowance from the One-Week Ordinary Waiting Period for all Working Age Payments</i>. • Reverse the relevant parts of the 2015-16 Budget measure <i>Youth Employment Strategy – revised waiting period for youth income support</i> to abolish the four week waiting period for young people to receive youth income support payments.

	<ul style="list-style-type: none"> • Reverse the 2014-15 Budget measure <i>Maintain Eligibility thresholds for Australian Government payments for three years</i>. (This includes the pause in indexation of the income threshold for PPS) • Reverse in full the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) measure <i>Cessation of social security benefits for certain people confined in a psychiatric institution</i>. <p><u>Component 4: Develop a National anti-poverty strategy</u></p> <ul style="list-style-type: none"> • Provide funding of \$12 million over three years (indexed by the CPI) to develop a national anti-poverty strategy. <p><u>Component 5: Abolish Work for the Dole</u></p> <ul style="list-style-type: none"> • Abolish Work for the Dole and redirect the savings to community based initiatives. <p><u>Component 6: Improve access to community services</u></p> <ul style="list-style-type: none"> • Provide an additional \$200m over four years to boost funding to community services. • Provide \$304 million over four years to offset the reduced funding from the 2014-15 Budget measure <i>Discretionary Grant Programme Reform</i>. • Provide \$10.1 million over the forward estimates period to prepare a national access plan, including the mapping of services to community needs. <p><u>Component 7: Establish an Equity Commission</u></p> <ul style="list-style-type: none"> • Establish an ongoing Equity Commission (the Commission) consisting of approximately 30-36 staff. The Commission would provide public advice to Government and the Parliament on living costs for various groups and household types - in particular, for income support recipients. <p>All components of this proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	10 June 2016 http://rachel-siewert.greensmps.org.au/content/media-releases/everyone-deserves-fair-access-social-services-0 ; greens.org.au/inequality
Date costing request received:	27 June 2016

Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$10,815.0 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in expenses of \$11,175.0 million and an increase in revenue of \$360.0 million over this period.

Components 1, 2, 3, and 7 would have ongoing financial impacts that extend beyond the 2016-17 Budget forward estimates period. These impacts would increase at a similar rate to the growth across the 2016-17 Budget forward estimates period.

A detailed breakdown of the financial impacts of this proposal over the 2016-17 Budget forward estimates period for the total (Table A1) and by component (Tables A2-A8) is provided at [Attachment A](#).

Components 1 to 3 are considered to be of medium reliability as the Parliamentary Budget Office (PBO) has made assumptions about future growth in the number of income support payment recipients, their income, and other characteristics.

Components 4 to 6 are considered to be of high reliability as they are based on a specified capped amount or a reallocation of existing administered funding.

Component 7 is considered to be of medium reliability due to uncertainty surrounding whether the staffing resources are adequate to undertake the work of the Commission.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-2,624.0	-2,746.0	-2,712.0	-2,733.0	-10,815.0
Underlying cash balance	-2,624.0	-2,746.0	-2,712.0	-2,733.0	-10,815.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Components 1-2

- The PBO has assumed that all single, principal carers currently receiving NSA would transfer to PPS.

Component 7

- Staff of the Commission would progressively join the organisation, resulting in a half year impact on average in 2016-17.
- Set-up costs for the Commission of \$1.5 million would be required in 2016-17.

Methodology

Component 1-2

Administered expenses for this component of the proposal were calculated by estimating changes in the number of recipients of affected entitlements (including NSA, PPS and YA) and multiplying this by the estimated change in payment rates under the proposal.

Departmental expenses were estimated based on the changes in the number of new recipients accessing the payments multiplied by the unit cost of administering the payments.

The change in recipients includes the transfer of all single, principal carers currently receiving NSA to the PPS.

Estimates of administered expenses and revenue have been rounded to the nearest \$5 million. Departmental expenses have been rounded to the nearest \$1 million.

Component 3

This component of the costing was estimated by reversing the impact of related measures in the 2014-15 and 2015-16 Budgets and the 2014-15 MYEFO.

Estimates of administered and departmental expenses have been rounded to the nearest \$5 million.

Component 4

Administered and departmental expenditure for this component of the proposal are as specified in the request.

Component 5

This component of the costing has been based on total funding for the Work for the Dole Scheme.

Component 6

Departmental expenditure estimates for preparing the National Access Plan were based on annual funding provided for the Australia's Future Tax System review (\$10 million) over four years using the net effect of the appropriate indexation parameter and the efficiency dividend.

Administered expenditure for increased funding for community grants is as specified in the request; \$504 million (\$200 million in additional funding plus \$304 million from redirected funding).

Departmental expenditure estimates relating to the additional community grants were estimated from similar programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance costing practices.

Component 7

The PBO used a standard departmental costing model and published information on the remuneration of public office holders of the Productivity Commission to estimate the financial impact of this proposal.

Data sources

- Australian Bureau of Statistics, 2011-12 Survey of Income and Housing
- Treasury, CAPITA model
- Department of Human Services (DHS) Funding Model of Unit Prices for New Policy Proposals
- Department of Social Services (DSS) Payment Demographic Data as of December 2015 - retrieved from <https://data.gov.au/dataset/dss-payment-demographic-data>
- DSS provided administrative data on transfer payment recipients
- DHS provided the 2016-17 Budget Funding Model on Unit Prices for National Policy Proposals
- Department of Employment provided the jobactive costing model, including funding for Work for the Dole.
- Department of Finance provided 2016-17 Budget indexation and efficiency dividend parameters
- Policy details have been informed from the Australian Greens policy documents Lifting income support and Strengthening our social safety net available from <http://greens.org.au/inequality>

Attachment A: Reducing income inequality— financial implications

Table A1: Combined impact of all components—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-2,645.0	-2,770.0	-2,735.0	-2,760.0	-10,910.0
Departmental	21.0	24.0	23.0	27.0	95.0
Total	-2,624.0	-2,746.0	-2,712.0	-2,733.0	-10,815.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Increase the single rates of Newstart Allowance and Youth Allowance—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Income tax	40.0	60.0	65.0	70.0	235.0
Administered	-1,975.0	-1,955.0	-1,950.0	-1,950.0	-7,830.0
Departmental	-7.0	-8.0	-8.0	-11.0	-34.0
Total	-1,942.0	-1,903.0	-1,893.0	-1,891.0	-7,629.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 2: Increase the Parenting Payment (single)—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Income tax	25.0	35.0	35.0	35.0	125.0
Administered	-465.0	-555.0	-570.0	-585.0	-2,175.0
Departmental	37.0	42.0	43.0	44.0	165.0
Total	-403.0	-478.0	-492.0	-506.0	-1,885.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Reverse Budget measures—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Apply the One-Week Ordinary Waiting Period to all Working Age Payments	-50.0	-65.0	-70.0	-70.0	-255.0
Youth Employment Strategy – revised waiting period for youth income support	-45.0	-65.0	-65.0	-70.0	-245.0
Maintain eligibility thresholds for Australian Government payments for three years	-45.0	-90.0	-40.0	-55.0	-230.0
Cessation of social security benefits for certain people confined in a psychiatric institution	-10.0	-10.0	-15.0	-15.0	-50.0
Total - administered	-150.0	-230.0	-190.0	-210.0	-780.0
Departmental					
Apply the One-Week Ordinary Waiting Period to all Working Age Payments	4.0	2.0	2.0	2.0	9.0
Youth Employment Strategy – revised waiting period for youth income support	3.0	3.0	2.0	2.0	11.0
Maintain Eligibility thresholds for Australian Government payments for three years	1.0	2.0	1.0	1.0	4.0
Cessation of social security benefits for certain people confined in a psychiatric institution	..	..	..	..	..
Total - departmental	8.0	7.0	5.0	5.0	24.0
Total	-142.0	-223.0	-185.0	-205.0	-756.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A5: Component 4: Develop a national anti-poverty strategy—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-	-	-	-	-
Departmental	-4.0	-4.0	-4.0	-	-12.0
Total	-4.0	-4.0	-4.0	-	-12.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A6: Component 5: Abolish Work for the Dole—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Abolish Work for the Dole	200.0	180.0	175.0	175.0	735.0
Funding for community based initiatives	-200.0	-180.0	-175.0	-175.0	-735.0
Total	-	-	-	-	-

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A7: Component 6: Improve access to community services—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Community Service Grants	-122.7	-122.7	-122.7	-122.7	-490.8
Departmental					
Community Service Grants	-3.3	-3.3	-3.3	-3.3	-13.2
National Access Plan	-4.1	-2.5	-2.0	-1.5	-10.1
Total - departmental	-7.4	-5.8	-5.3	-4.8	-23.3
Total	-130.1	-128.5	-128.0	-127.5	-514.1

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A8: Component 7: Establish an Equity Commission—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-	-	-	-	-
Departmental	-5.3	-6.7	-6.7	-6.8	-25.5
Total	-5.3	-6.7	-6.7	-6.8	-25.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	No new coal or gas mines
Summary of proposal:	<p>The proposal would:</p> <p>(a) prohibit the extraction of thermal coal for export from:</p> <ul style="list-style-type: none"> • new mines • the expansion of existing mines <p>(b) prohibit the extraction of onshore coal seam gas, tight gas and shale gas from:</p> <ul style="list-style-type: none"> • wells that are not already operating or in construction • any expansion of existing gas projects. <p>Currently operating permits to mine coal and extract coal seam gas (CSG) would continue, however contractual options to expand coal mining and CSG extraction into new areas or greater depths would not be able to be utilised.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	28 April 2016 http://greens.org.au/sites/greens.org.au/files/20160428_Living%20Reefs-Dying%20Coal.pdf
Date costing request received:	27 June 2016
Date costing completed:	28 June 2016
Additional information received (including date):	On 28 June 2016, the office of Senator Di Natale advised that the proposal would commence from 1 September 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

A prohibition on new or expanded thermal coal and CSG projects would be expected to decrease both the fiscal and underlying cash balances by \$380 million over the 2016-17 Budget forward estimates period. This impact reflects a decrease in tax revenue.

A breakdown of the estimated financial impact of this proposal is provided at [Attachment A](#).

This proposal would have a significant ongoing impact that would extend (and could increase) beyond the forward estimates period depending on developments in the global markets for coal and CSG.

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. It is based on limited data about new mining projects, forecasts of expected future thermal coal and CSG prices and production volumes, and it is uncertain when these projects would be in a taxable position.

This proposal would also have broad economic impacts that extend beyond the coal and gas industry, particularly in the longer term, that have not been evaluated in this costing.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	..	-50.0	-150.0	-180.0	-380.0
Underlying cash balance	..	-50.0	-150.0	-180.0	-380.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.

Key assumptions

The Parliamentary Budget Office has made the following assumptions regarding this costing:

- The prohibition on thermal coal and CSG for export would reduce the expected return from, and viability of, all thermal coal mining and CSG extraction activity, leading to no new facilities opening for domestic consumption in the short-term. Approximately 85 per cent of thermal coal produced in Australia is currently exported.
- The costing does not include any estimate of compensation that may be payable to individuals or companies affected by the prohibition on new thermal coal mining or CSG extraction.
- A proportion of companies affected by the proposal would be non-taxable due to tax losses.

Methodology

Production of thermal coal and CSG from projects yet to commence mining was estimated using the most recent edition of the Department of Industry, Innovation and Science publication *Resource and Energy Major Projects*. Projects yet to commence 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 estimated decrease in production volume as a result of the prohibition on new thermal coal mines and CSG projects, and thermal coal and CSG price estimates from the *2016 Pre-election Economic and Fiscal Outlook* were used to calculate the forgone company profits and company tax revenue.

Estimates have been rounded to the nearest \$10 million.

Data sources

- Australian Taxation Office – Taxation Statistics 2013-14
- Australian Taxation Office – 2013-14 company tax return data
- Department of Industry, Innovation, and Science – *Resources and Energy Major Projects*
- Department of Industry, Innovation, and Science – *Resources and Energy Quarterly*
- 2016 Pre-election Economic and Fiscal Outlook

Attachment A: No new coal or gas mines— financial implications

The following table provides a breakdown of the estimated impacts of a prohibition on new or expanded thermal coal and CSG projects over the 2016-17 Budget forward estimates period.

Table A1: No new coal or gas mines—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
No new or expanded thermal coal mining					
<i>Revenue - Company Tax</i>	..	-20.0	-40.0	-60.0	-120.0
No new or expanded onshore gas mining					
<i>Revenue - Company Tax</i>	..	-30.0	-110.0	-120.0	-260.0
Total	..	-50.0	-150.0	-180.0	-380.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Investing in Pre-School
Summary of proposal:	The proposal would extend the existing National Partnership Agreement on Universal Access to Early Childhood Education from 1 July 2017 to 30 June 2020. The proposal would have effect from 1 July 2017.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 June 2016 http://greens.org.au/childcare
Date costing request received:	28 June 2016
Date costing completed	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$1,010.0 million over the 2016-17 Budget forward estimates period. The financial implications entirely reflect administered expenses related to the continuation of the National Partnership Agreement on Universal Access to Early Childhood Education (the Agreement).

Consistent with the current arrangements, the proposed extension of the Agreement would not be expected to involve any Commonwealth departmental costs as the services being funded are delivered by states and territories.

As specified, the proposal would not have ongoing financial implications beyond the 2016-17 Budget forward estimates period as the proposed extension to the Agreement would cease on 30 June 2020.

This costing is considered to be of medium reliability as it is based on assumptions regarding levels of enrolment and attendance targets.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-130.0	-435.0	-445.0	-1,010.0
Underlying cash balance	-	-130.0	-435.0	-445.0	-1,010.0

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

- Indicates nil.

Key assumptions

Current enrolment and attendance targets would be maintained over the 2016-17 Budget forward estimates period.

States and territories would remain signatories to the Agreement from 1 July 2017 to 30 June 2020 under this proposal.

Methodology

The financial implications of this proposal were estimated by extending the Agreement (accounting for relevant indexation factors) to cover the 2018 and 2019 school years and through to 30 June 2020. These results were then apportioned to financial years.

Estimates have been rounded to the nearest \$5 million.

Data sources

- 2016-17 Budget Paper No. 3 Federal Financial Relations.
- Council of Australian Governments, National Partnership Agreement on Universal Access to Early Childhood Education.
- Department of Finance provided indexation parameters.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Living with Global Warming: Climate Adaptation
<p>Summary of proposal:</p>	<p>The proposal is comprised of the following three components:</p> <p><u>Component 1:</u></p> <ul style="list-style-type: none"> • Provide \$10 million per year for five years to the National Climate Change Adaptation Research Facility. <p><u>Component 2:</u></p> <ul style="list-style-type: none"> • Establish a new National Partnership Agreement with the state and territory governments for climate adaptation and disaster preparedness. Grants for specific purposes, indexed at the CPI, would be for: <ul style="list-style-type: none"> – <i>Backing our emergency workers</i> for firefighting and emergency services resources. – <i>Preparing for extreme weather</i> for climate-related disaster preparedness measures for both physical infrastructure and social and community resilience. <p><u>Component 3:</u></p> <ul style="list-style-type: none"> • Establish a national coordinating body, the Office of Climate Adaptation and Sea Level Rise, funded at \$5 million per year, indexed at the CPI. <p>The proposal would have effect from 1 September 2016 and would be in place until 30 June 2026.</p> <p>The detailed funding profile to 2025-26 of the proposal is set out at <u>Attachment A</u>.</p> <p>Departmental costs would be met from within the capped funding amounts.</p>
<p>Person/party requesting costing:</p>	<p>Senator Richard Di Natale, Australian Greens</p>
<p>Date of public release of policy:</p>	<p>1 June 2016</p> <p>http://greens.org.au/sites/greens.org.au/files/Living%20with%20Global%20Warming_final_.pdf</p>

Date costing request received:	27 June 2016
Date costing completed:	29 June 2016
Additional information received (including date):	On 28 June 2016, the Office of Senator Richard Di Natale (the office) advised that departmental costs would be met from within the capped funding amounts.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$377.5 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$356.5 million and an increase in departmental expenditure of \$21.0 million over this period.

The impact of the proposal increases significantly beyond the 2016-17 Budget forward estimates period, with funding then ceasing after 10 years. A breakdown of the estimated impact to 2026-27 is provided at [Attachment B](#).

This costing is considered to be of high reliability as it is based on specified capped amounts. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-80.0	-91.6	-97.3	-108.6	-377.5
Underlying cash balance	-80.0	-91.6	-97.3	-108.6	-377.5

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

Methodology

The total impact of the proposal reflects the capped funding amounts as set out in the request, indexed by CPI where specified.

The request specified that departmental expenditure estimates would be accommodated within the capped funding amounts. Departmental estimates were based on like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices. It has been assumed that funding the *National Climate Change Adaptation Research Facility* would involve payments to a known entity and would not be administratively burdensome.

Administered expenditure estimates for each component of the proposal are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Living with Global Warming: Climate Adaptation—specified funding profile to 2025-26

Table A1: Living with Global Warming: Climate Adaptation—specified funding profile to 2025-26^(a)

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
National Climate Change Adaptation Research Facility	-	10.0	10.0	10.0	30.0	10.0	10.0	-	-	-	-	-	50.0
National Partnership Agreement: Backing our emergency workers ^(b)	25.0	25.0	30.0	40.0	120.0	50.0	80.0	100.0	140.0	170.0	200.0	-	860.0
National Partnership Agreement: Preparing for extreme weather ^(b)	50.0	50.0	50.0	50.0	200.0	50.0	100.0	100.0	120.0	150.0	200.0	-	920.0
Establish the Office of Climate Adaptation and Sea Level Rise ^(b)	5.0	5.0	5.0	5.0	20.0	5.0	5.0	5.0	5.0	5.0	5.0	-	50.0
Total	80.0	90.0	95.0	105.0	370.0	115.0	195.0	205.0	265.0	325.0	405.0	-	1,880.0

(a) A positive number indicates an increase in funding.

(b) 2016-17 values shown, values used in the costing are indexed by growth in the CPI, as specified.

- Indicates nil.

Attachment B: Living with Global Warming: Climate Adaptation—financial implications

Table B1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
Impact on fiscal and underlying cash balances													
Administered	-74.9	-86.4	-92.0	-103.2	-356.5	-114.5	-189.9	-202.4	-259.9	-319.9	-399.9	-	-1,843.0
Departmental	-5.1	-5.2	-5.3	-5.4	-21.0	-5.6	-5.7	-5.8	-6.0	-6.1	-6.3	-	-56.5
Total	-80.0	-91.6	-97.3	-108.6	-377.5	-120.1	-195.6	-208.2	-265.9	-326.0	-406.2	-	-1,899.5

(a) A negative number indicates a decrease in revenue or an increase in expenses in both accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table B2: Component 1: National Climate Change Adaptation Research Facility—Financial implications^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
Impact on fiscal and underlying cash balances													
Administered													
National Climate Change Adaptation Research Facility	-	-10.0	-10.0	-10.0	-30.0	-10.0	-10.0	-	-	-	-	-	-50.0
Total	-	-10.0	-10.0	-10.0	-30.0	-10.0	-10.0	-	-	-	-	-	-50.0

(a) A negative number indicates a decrease in revenue or an increase in expenses in both accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table B3: Component 2: National Partnership Agreement—Financial implications^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
Impact on fiscal and underlying cash balances													
Administered													
Backing our emergency workers	-25.0	-25.5	-30.0	-40.0	-120.4	-50.0	-80.0	-100.0	-140.0	-169.9	-199.9	-	-860.1
Preparing for extreme weather	-50.0	-50.9	-52.0	-53.2	-206.1	-54.6	-100.0	-102.5	-120.0	-149.9	-199.9	-	-932.9
Total - Administered	-74.9	-86.4	-92.0	-103.2	-356.5	-114.5	-189.9	-202.4	-259.9	-319.9	-399.9	-	-1,793.0
Departmental													
Backing our emergency workers	..	..	..	..	-0.2	..	..	..	..	-0.1	-0.1	-	-0.5
Preparing for extreme weather	..	..	..	..	-0.2	..	..	..	..	-0.1	-0.1	-	-0.5
Total - Departmental	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-1.0
Total	-75.0	-76.5	-82.1	-93.3	-326.9	-104.6	-180.0	-202.5	-260.0	-320.0	-400.0	-	-1,794.0

(a) A negative number indicates a decrease in revenue or an increase in expenses in both accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table B4: Component 3: Establish the Office of Climate Adaptation and Sea Level Rise — Financial implications^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
Impact on fiscal and underlying cash balances													
Departmental													
Establish the Office of Climate Adaptation and Sea Level Rise	-5.0	-5.1	-5.2	-5.3	-20.6	-5.5	-5.6	-5.7	-5.9	-6.0	-6.2	-	-55.5
Total	-5.0	-5.1	-5.2	-5.3	-20.6	-5.5	-5.6	-5.7	-5.9	-6.0	-6.2	-	-55.5

(a) A negative number indicates a decrease in revenue or an increase in expenses in both accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Securing the future of farming
Summary of proposal:	<p>The proposal has the following components:</p> <p><u>Component 1: Helping our soils survive</u></p> <ul style="list-style-type: none"> • This component would provide capped funding of \$25 million (including administration costs) per year over the period 2017-18 to 2020-21 to improve research and investment in soil quality through a National Soil Health Strategy. <p>Component 2: Helping farmers sell direct</p> <ul style="list-style-type: none"> • This component would provide grants of \$20 million (including administration costs) per year over the period 2017-18 to 2020-21 to connect farmers and local communities. <p>Component 3: Saying no to corporate control</p> <ul style="list-style-type: none"> • This component would provide funding: <ul style="list-style-type: none"> – of \$2 million for the establishment of an independent research and development group tasked with scoping the establishment of a genetically-modified (GM) contamination clean-up fund – of \$2 million for an inquiry into the assessment procedures for GM crops and products – for implementation of comprehensive, mandatory labelling for foods containing any ingredient, additive or processing aid, or other constituent product using genetic modification. <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens

Date of public release of policy:	20 June 2016 http://greens.org.au/news/wa/greens-announce-package-help-farmers-sell-direct http://greens.org.au/local-food http://greens.org.au/soil-health http://greens.org.au/food-system
Date costing request received:	27 June 2016
Date costing completed:	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$143.5 million over the 2016-17 Budget forward estimates period. These impacts are due to an increase in administered expenses of \$137.3 million and an increase in departmental expenses of \$6.2 million. Detailed financial implications over the period 2016-17 to 2020-21, at which point funding for the proposal would terminate, are at Attachment A.

Components 1 and 2 of this costing are considered to be of high reliability as the estimates are based on capped administered funding with departmental expenditure based on similar sized grant programs. Component 3 is considered to be of medium reliability due to the uncertainty of the scope of implementing labelling for GM foods.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-50.0	-48.4	-45.0	-143.5
Underlying cash balance	-	-50.0	-48.4	-45.0	-143.5

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

Departmental expenditure estimates for Components 1 and 2 are included within the capped funding amounts as specified in the request. These estimates are based on other like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered expenditure estimates for Components 1 and 2 are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

Administered and departmental expenditure estimates for Component 3 were based on the estimates for a 2012-13 Budget measure related to implementing recommendations from the review of food labelling.

Data sources

- The Department of Finance provided indexation parameters.
- 2012-13 Budget Paper No. 2.

Attachment A: Securing the future of farming— financial implications

Table A1: All components – Securing the future of farming—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-47.8	-46.4	-43.4	-137.3	-43.4	-180.7
Departmental	-	-2.3	-2.1	-1.6	-6.2	-1.6	-7.8
Total	-	-50.0	-48.4	-45.0	-143.5	-45.0	-188.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Helping our soils survive—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-24.1	-24.1	-24.1	-72.2	-24.1	-96.3
Departmental	-	-0.9	-0.9	-0.9	-2.8	-0.9	-3.7
Total	-	-25.0	-25.0	-25.0	-75.0	-25.0	-100.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Helping farmers sell direct—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-19.3	-19.3	-19.3	-57.8	-19.3	-77.1
Departmental	-	-0.7	-0.7	-0.7	-2.2	-0.7	-2.9
Total	-	-20.0	-20.0	-20.0	-60.0	-20.0	-80.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: Saying no to corporate control—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered							
R&D on GM clean up	-	-1.0	-1.0	-	-2.0	-	-2.0
Inquiry into GM assessment	-	-1.0	-1.0	-	-2.0	-	-2.0
Mandatory food labelling	-	-2.4	-1.0	-	-3.3	-	-3.3
Total - administered	-	-4.4	-3.0	-	-7.3	-	-7.3
Departmental							
R&D on GM clean up	-	-	-0.1	-	-0.1
Inquiry into GM assessment	-	-	-0.1	-	-0.1
Mandatory food labelling	-	-0.6	-0.4	-	-1.0	-	-1.0
Total - departmental	-	-0.7	-0.5	-	-1.2	-	-1.2
Total	-	-5.0	-3.4	-	-8.5	-	-8.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil; .. indicates the value is not zero, but rounded to zero.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Innovation in Agriculture
Summary of proposal:	<p>The proposal would:</p> <ul style="list-style-type: none"> • provide a capped amount of \$75 million (including administration costs) over the forward estimates to agricultural research and development (R&D) • provide a capped amount of \$100 million (including administration costs) to establish a new Centre for Sustainable Agriculture • establish a national network of 180 agricultural extension officers, who would be full-time equivalent Commonwealth employees, with remuneration and on-costs equivalent to an Australian Public Service Level 6 (APS 6) employee • provide an additional \$722 million in capped funding for Landcare, with any administration costs to be in addition to the capped funding amount. <p>The national network of agricultural extension officers would commence in 2017-18, with an enrolment period in that year.</p> <p>For all other components of the proposal, the capped funding amounts would be spread evenly over the forward estimates period.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	19 May 2016 http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-ag-package-would-help-innovate-agriculture-combat-climate-chang
Date costing request received:	27 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$1,034.5 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$793.1 million and an increase in departmental expenses of \$241.3 million.

A breakdown of the financial implications by component for the period 2016-17 to 2019-20 is at Attachment A.

This proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates period as funding for the proposal would terminate on 30 June 2020.

This costing is considered to be of medium reliability. While the capped expenditure estimates for the R&D grant component, the Centre for Sustainable Agriculture and additional funding to Landcare are as specified in the request, the associated departmental cost estimates (including for the 180 agricultural extension officers) are less certain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-241.9	-256.1	-268.2	-268.2	-1,034.5
Underlying cash balance	-241.9	-256.1	-268.2	-268.2	-1,034.5

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions:

- For the R&D grant component, the administration costs would be equivalent to other like-sized programs.
- For the national network of agricultural extension officers, the officers would be progressively engaged across the 2016-17 financial year.
- For the additional funding to Landcare, the administration costs would be based on the proportion of administration costs of similar programs over the forward estimates.

Methodology

For the additional funding for agricultural R&D, departmental expenditure estimates are accommodated within the capped funding amount as specified in the request. These estimates are based on other like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices. Administered expenditure estimates are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

The capped funding to establish a new Centre for Sustainable Agriculture would consist entirely of departmental expenditure, with the amount specified in the request.

Departmental expenditure estimates for establishing 180 agricultural extension officers are estimated by applying the average cost of an APS 6 level officer to the number of positions over 2017-18 to 2019-20, accounting for an engagement profile in 2017-18, along with a further allocation of \$2.0 million per annum to administer the program.

Departmental expenditure estimates for the additional funding to Landcare are based on the departmental expenditure of Landcare and other environmental conservation programs administered by the Department of the Environment.

Data sources

- Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Innovation in Agriculture — financial implications

Table A1: Innovation in Agriculture—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Agricultural R&D grants					
Administered	-17.8	-17.8	-17.8	-17.8	-71.1
Departmental	-1.0	-1.0	-1.0	-1.0	-3.9
Total - Agriculture R&D grants	-18.8	-18.8	-18.8	-18.8	-75.0
Centre for Sustainable Agriculture					
Departmental	-25.0	-25.0	-25.0	-25.0	-100.0
National network of 180 agricultural extension officers					
Departmental	-	-14.2	-26.3	-26.3	-66.8
Additional funding to Landcare					
Administered	-180.5	-180.5	-180.5	-180.5	-722.0
Departmental	-17.7	-17.7	-17.7	-17.7	-70.7
Total – Additional funding to Landcare	-198.2	-198.2	-198.2	-198.2	-792.7
Total	-241.9	-256.1	-268.2	-268.2	-1,034.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Restoring Turnbull's cuts to R&D tax credits
Summary of proposal:	<p>The proposal would reverse the Government's intended (but not legislated) policy to reduce the research and development (R&D) tax offsets by 1.5 per cent in <i>the Tax and Superannuation Laws Amendment (2015 Measures No. 3) Bill 2015</i>.</p> <p>The refundable tax offset would be increased from 43.5 per cent to 45 per cent and the non-refundable tax offset would be increased from 38.5 per cent to 40 per cent.</p> <p>The proposal would have effect from 1 July 2016.</p>
Person/party requesting costing:	Senator Di Natale, Australian Greens
Date of public release of policy:	<p>19 May 2016</p> <p>http://greens.org.au/sites/greens.org.au/files/20160519_Science%20and%20Research%20Initiative.pdf</p>
Date costing request received:	27 June 2016
Date costing completed:	28 June 2016
Additional information received (including date):	On 28 June 2016, the office of Senator Di Natale advised that the start date of the policy would be 1 July 2016.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$690 million and decrease the underlying cash balance by \$590 million over the 2016-17 Budget forward estimates period. The fiscal balance impact represents an increase in expenses of \$380 million and a decrease in revenue of \$310 million over this period.

A breakdown of the financial implications of this proposal is presented at [Attachment A](#).

This proposal would have ongoing financial impacts that extend beyond the 2016-17 Budget forward estimates period.

The proposal would not be expected to have any significant impact on departmental expenses, consistent with the 2014-15 Budget measure, *Research and Development tax incentive – reducing the rates of the refundable and non-refundable tax offsets*.

The underlying cash balance impact of this proposal differs from the fiscal balance impact because the refundable tax offset is treated as a budget expense, with the result that the fiscal balance impact accrues in the year that the eligible R&D occurs whereas the underlying cash balance impact occurs when the refundable offset amount is paid in subsequent years. The non-refundable tax offset is treated as a change in tax revenue and, under the tax liabilities method of accounting used for income tax, there is no material difference between the fiscal balance impact and the underlying cash balance impact.

This costing is considered to be of medium reliability as it is based on detailed data on R&D offsets claimed in 2013-14, adjusted to reflect the *2016 Pre-election Economic and Fiscal Outlook* parameters.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-90.0	-170.0	-190.0	-240.0	-690.0
Underlying cash balance	-	-170.0	-180.0	-240.0	-590.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

- No behavioural responses have been included in this costing because the 1.5 percentage point reductions in R&D tax offset rates represent relatively small changes to the offsets.
- R&D tax offset claims are assumed to grow in line with nominal gross domestic product.

Methodology

The financial implications of the proposal were estimated by subtracting the amounts claimed by taxpayers using micro-simulated data at the proposed R&D tax offset rates from the amounts that can be claimed by taxpayers under the R&D tax offset rates that underpin the *2016 Pre-election Economic and Fiscal Outlook*.

Estimates have been rounded to the nearest \$10 million.

Data sources

- The Treasury provided the costing model for the Budget 2014-15 measure Research and Development tax incentive – reducing the rates of the refundable and non-refundable tax offsets.
- Company R&D expenditure data for 2013-14 was provided by the Australian Taxation Office.
- 2016 Pre-election Economic and Fiscal Outlook parameters.

Attachment A: Restoring Turnbull's cuts to R&D tax credits—financial implications

The following tables provide a breakdown of the estimated financial impacts of the proposed changes to the R&D tax offsets over the forward estimates period on a fiscal balance and underlying cash balance basis.

Table A1: Restoring Turnbull's cuts to R&D tax credits —Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Revenue – non-refundable tax offset	-	-80.0	-90.0	-140.0	-310.0
Expense – refundable tax offset	-90.0	-90.0	-100.0	-100.0	-380.0
Total	-90.0	-170.0	-190.0	-240.0	-690.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Restoring Turnbull's cuts to R&D tax credits —Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Receipts – non-refundable tax offset	-	-80.0	-90.0	-140.0	-310.0
Payments – refundable tax offset	-	-90.0	-90.0	-100.0	-280.0
Total	-	-170.0	-180.0	-240.0	-590.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	A new assistance payment for Childcare
Summary of proposal:	<p>The proposal has three components which would make changes to the early childhood education and care system.</p> <p><u>Component 1: Bringing forward the Child Care Subsidy (CCS) system</u></p> <ul style="list-style-type: none">Bring forward the implementation of the CCS system from 1 July 2018 to 1 July 2017. <p><u>Component 2: Changing the CCS activity test</u></p> <ul style="list-style-type: none">Change the current activity test so that families with a parent who undertakes 0-16 hours per fortnight of approved activity would receive up to 48 hours of subsidised childcare per fortnight. <p><u>Component 3: 'Reducing Waiting Lists' grants</u></p> <ul style="list-style-type: none">Provide a capped 'Reducing Waiting Lists' grant of \$200 million to childcare centres to expand services and upgrade facilities. <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	9 June 2016
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$2,776 million and decrease the underlying cash balance by \$2,713 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this reflects an increase in administered expenses of \$2,769 million and an increase in departmental expenses of \$7 million.

The fiscal balance implications are different to the underlying cash balance implications because some subsidies are withheld and paid to families after the end of the financial year when their tax liabilities and payment amounts are reconciled.

This proposal would have financial implications beyond the 2016-17 Budget forward estimates period.

- In 2020-21, the estimated decrease to the fiscal balance would be around \$815 million.
- In 2021-22, the estimated decrease to the fiscal balance would be around \$820 million.
- Beyond 2021-22, the annual financial implications would be consistent with the amounts in 2021-22 allowing for growth in underlying parameters.
- A breakdown of the financial implications over the 2016-17 Budget forward estimates period for the entire proposal (Table A1) and by component (Tables A2-A4) is at Attachment A.

The financial implications include departmental funding for the Department of Human Services (DHS) for processing payments for new CCS recipients. A separate amount of departmental funding was estimated for the Department of Education and Training (DET) to manage the proposed grants program over the 2016-17 Budget forward estimates period.

This costing is considered to be of medium to low reliability. While the costing is based on detailed administrative data on children in approved child care under the existing system, the Parliamentary Budget Office (PBO) has made assumptions about take-up of child care, and there is uncertainty regarding the flow-on costs to CCS payments due to the expansion of child care places.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-1,646.0	-536.0	-592.0	-2,776.0
Underlying cash balance	-	-1,527.0	-600.0	-585.0	-2,713.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

The PBO has assumed that departmental costs for processing CCS payments for new recipients would be comparable to the unit costs for processing Child Care Benefit payments.

Methodology

- Estimates for bringing forward the implementation of the CCS to 1 July 2017 were based on information in the Department of Finance's Central Budget Management System related to the 2016-17 Budget measure to defer the CCS to 1 July 2018.
- Child care models based on unit record administrative data were used to simulate entitlements under both the current CCS system and the proposal. The differences in estimated entitlements under the scenarios represent the financial implications of the proposal to change the current activity test.
- The \$200 million of grants were evenly distributed over the four years from 2017-18 to 2020-21.
- The number of additional children expected to access the increased services provided as a result of the proposed grants was estimated using historical information on child care attendance and the number of increased places under the *Community Child Care Fund*.¹
- Total additional CCS payments were calculated by multiplying the estimated additional number of children who would be enrolled in the expanded child care services and the estimated average CCS entitlement per child.
- Administered and departmental funding has been rounded to the nearest \$1 million.

Data sources

- 2015-16 Budget Paper No. 2.
- 2016-17 Budget Paper No. 2.
- Department of Human Services provided the unit costs for administering Child Care Benefit payments.
- Productivity Commission 2014, *Childcare and Early Childhood Learning*, Inquiry Report No. 73, Canberra.
- Department of Finance provided information from the Central Budget Management System.

¹ Announced at the 2015-16 Budget, the Community Child Care Fund will provide additional support to increase the supply of child care places in areas of high unmet demand.

Attachment A: A new assistance payment for Childcare—financial implications

Table A1: All components: A new assistance payment for Childcare—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-	-1,634.0	-540.0	-594.0	-2,769.0
Departmental	-	-12.0	4.0	2.0	-7.0
Total	-	-1,646.0	-536.0	-592.0	-2,776.0
Underlying cash balance					
Administered	-	-1,516.0	-603.0	-587.0	-2,707.0
Departmental	-	-11.0	3.0	2.0	-6.0
Total	-	-1,527.0	-600.0	-585.0	-2,713.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Bringing forward the CCS system—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-	-1,217.0	-3.0	78.0	-1,142.0
Departmental	-	-8.0	9.0	8.0	9.0
Total	-	-1,225.0	5.0	86.0	-1,133.0
Underlying cash balance					
Administered	-	-1,135.0	-78.0	71.0	-1,142.0
Departmental	-	-7.0	9.0	8.0	9.0
Total	-	-1,142.0	-70.0	79.0	-1,133.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Changing the CCS activity test—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-	-328.0	-364.0	-407.0	-1,100.0
Departmental	-	-2.0	-2.0	-2.0	-7.0
Total	-	-330.0	-366.0	-410.0	-1,106.0
Underlying cash balance					
Administered	-	-295.0	-361.0	-403.0	-1,059.0
Departmental	-	-2.0	-2.0	-2.0	-7.0
Total	-	-298.0	-363.0	-405.0	-1,066.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: 'Reducing Waitlists Fund'—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered					
<i>Capped grants</i>	-	-50.0	-50.0	-50.0	-150.0
<i>Flow-on to child care system</i>	-	-39.0	-123.0	-215.0	-377.0
Total administered	-	-89.0	-173.0	-265.0	-527.0
Departmental					
<i>Departmental - DHS</i>	-	..	-1.0	-2.0	-4.0
<i>Departmental - DET</i>	-	-2.0	-2.0	-2.0	-5.0
Total departmental	-	-2.0	-2.0	-4.0	-9.0
Total	-	-91.0	-176.0	-268.0	-536.0
Underlying cash balance					
Administered					
<i>Capped grants</i>	-	-50.0	-50.0	-50.0	-150.0
<i>Flow-on to child care system</i>	-	-35.0	-115.0	-206.0	-355.0
Total administered	-	-85.0	-165.0	-256.0	-505.0
Departmental					
<i>Departmental - DHS</i>	-	..	-1.0	-2.0	-4.0
<i>Departmental - DET</i>	-	-2.0	-2.0	-2.0	-5.0
Total departmental	-	-2.0	-2.0	-4.0	-9.0
Total	-	-87.0	-167.0	-259.0	-514.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Investing in Early Childhood Educators
Summary of proposal:	<p>The proposal would waive Higher Education Loan Program (HELP) repayments for early childhood education graduates employed in Long Day Care (LDC) centres. HELP debt equivalent to the repayment that would otherwise be required for the financial year would be written down. Furthermore, graduates working in LDC centres in remote or low socio-economic areas would have the amount of debt written down doubled in comparison to graduates working in other LDC centres.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	9 June 2016
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal balance by \$29 million, decrease the underlying cash balance by \$7 million and decrease the headline cash balance by \$29 million over the 2016-17 Budget forward estimates period.

This proposal includes a number of components and would have an ongoing impact that extends beyond the forward estimates period. The disaggregated financial impacts of the proposal over the period 2016-17 to 2026-27 are provided at [Attachment A](#).

The *Methodology* section provides information on how the impacts on each budget balance were calculated. As the proposal impacts on financial asset transactions the Public Debt Interest (PDI) impact of the proposal has been included in this costing and a note on the accounting treatment of income contingent loans is included at [Attachment B](#).

The proposal would not be expected to result in additional departmental expenditure as the implementation of the policy is not expected to have a material impact on the administration of the overall HELP.

The costing is considered to be of low to medium reliability due to uncertainty surrounding the income of early childhood education graduates.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-9.0	-10.0	-11.0	-29.0
Underlying cash balance	-	-2.0	-2.0	-3.0	-7.0
Headline cash balance	-	-8.0	-10.0	-11.0	-29.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

In costing the proposal, the following assumptions have been made:

- 80 per cent of the eligible early childhood education graduates would take up the proposal
 - The increase from the current take up rate of 30 per cent for the HECS-HELP Benefit for Early Childhood Education reflects the more generous benefit offered under this proposal.
- the graduates eligible for the additional support are the same group of graduates currently eligible for the HECS-HELP Benefit for Early Childhood Education, which is targeted towards graduates working in LDC centres in remote or low socio economic areas.

Methodology

The costing estimate has been derived by taking the product of an estimated number of graduates likely to claim the waiver, and the average of their HELP repayments and debt waived.

The number of early childhood education graduates with HELP debts and their average HELP repayments in 2013-14 were taken from the detailed tables of the Australian Taxation Office's 2013-14 Taxation Statistics publication. The number of graduates and average HELP repayments have been indexed based on their growth over the period 2009-10 to 2013-14.

The combined impact of reduction in HELP repayments and debt writedowns has the following impacts on budget balances:

Fiscal balance impact – components

- Writedowns of debts have a negative impact on the fiscal balance.
- Increased PDI payments have a negative impact on the fiscal balance.

Underlying cash balance impact – components

- Decreased interest receipts have a negative impact on the underlying cash balance.
- Increased PDI payments have a negative impact on the underlying cash balance.

Headline cash balance impact – components

- Decreased principal repayments have a negative impact on the headline cash balance.
- Decreased interest receipts (interest is estimated as a fixed proportion of repayments) have a negative impact on the headline cash balance.
- Increased PDI payments have a negative impact on the headline cash balance.

General

- All estimates have been rounded to the nearest \$1 million.

Data sources

- Australian Taxation Office
 - 2013-14 Taxation Statistics
- Department of Education and Training
 - HELP forward estimates model

Attachment A: Investing in Early Childhood Educators — financial implications

Table A1: Investing in Early Childhood Educators—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal balance													
Loan writedowns	-	-8.0	-9.0	-10.0	-28.0	-11.0	-12.0	-13.0	-14.0	-14.0	-15.0	-16.0	-124.0
PDI	-	-1.0	-1.0	-1.0	-2.0	-3.0	-4.0	-5.0	-6.0	-8.0	-29.0
Total fiscal balance impact	-	-9.0	-10.0	-11.0	-29.0	-12.0	-14.0	-16.0	-17.0	-19.0	-22.0	-24.0	-153.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Investing in Early Childhood Educators – Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on underlying cash balance													
Interest received	-	-2.0	-2.0	-2.0	-6.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-4.0	-28.0
PDI	-	-1.0	-1.0	-1.0	-2.0	-3.0	-4.0	-5.0	-6.0	-8.0	-29.0
Total underlying cash balance impact	-	-2.0	-2.0	-3.0	-7.0	-4.0	-5.0	-6.0	-7.0	-8.0	-10.0	-11.0	-57.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: Investing in Early Childhood Educators – Headline cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on headline cash balance													
Repayments and interest received	-	-8.0	-9.0	-10.0	-28.0	-11.0	-12.0	-13.0	-14.0	-14.0	-15.0	-16.0	-124.0
PDI	-	-1.0	-1.0	-1.0	-2.0	-3.0	-4.0	-5.0	-6.0	-8.0	-29.0
Total headline cash balance impact	-	-8.0	-10.0	-11.0	-29.0	-12.0	-14.0	-16.0	-17.0	-19.0	-21.0	-24.0	-153.0

(a) A positive number for the headline cash balance indicates an increase in cashflow. A negative number for the headline cash balance indicates a decrease in cashflow.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Attachment B: Accounting Treatment of Income Contingent Loans

In accordance with PBO Guidance 02/2015 and the *Charter of Budget Honesty Policy Costing Guidelines*, proposals that “involve transactions of financial assets” would need to take into account the impact of Public Debt Interest (PDI) payments. When estimating the proposal’s impact on PDI payments, the net headline cash balance impact is used. The net headline cash balance impact includes not only the income contingent loan component of the proposal, but all associated components that are considered integral to the overall proposal. The most widely known example of an income contingent loan is a loan under the Higher Education Loan Program (HELP).

The issuing of income contingent loans and repayments of principal themselves do not have an impact on the underlying cash or fiscal balances as they are treated as investments, while the associated PDI payments impact on all three budget balances. The PDI impact is a result of the change in Government’s borrowing requirements to fund these loans.

The component of repayments that is considered interest is included as revenue in underlying cash balance terms. As repayment amounts are linked to income levels, it is difficult to separate interest repayments from principal repayments. In the forward estimates, a fixed proportion of all repayments is taken to be interest repayments. This is based on the average amount of interest paid over the life of the loan, and is based on the approach used for HELP loans.

Interest is also accounted for in fiscal balance terms. This is the increase in the value of the debt due to the debiting of the interest on the outstanding balance of the loan each financial year. Fiscal balance interest income is assessed on the “fair value” of the debt, consistent with relevant accounting standards, as it is unreasonable to claim interest income on a debt that is not expected to be repaid. For HELP loans, the interest rate of the loan is the rate of the increase in the Consumer Price Index (CPI).

Furthermore, income contingent loans may be concessional to the extent that interest rate on the loan is less than the market interest rate that would be charged to the borrowers. For budget purposes, the concession is estimated based on the difference between the Government bond rate and the interest rate on the concession loan. The Budget accounts for the net present value of this concession as an expense in fiscal balance terms. As loans are repaid, the amount of foregone interest income reduces, so this expense is “unwound”, having a positive impact on the fiscal balance. For example, HELP loans are concessional as they are indexed to CPI.

When the Commonwealth agrees to forgo the repayment of some or all of a debtor’s debt, this also has a negative impact on Budget aggregates. Mutually agreed writedowns or write-offs (for example in the case of death of the borrower) have no impact on the underlying cash balance, but are an expense in fiscal balance terms.

The headline cash balance is tracked in Budget papers, and is normally reported in policy costings when it differs from the underlying cash balance.

The fair value of the debt is a positive contributor to the Government’s net financial worth.

GRN032: Better Schools: Full Gonski Funding and Better Schools: Students with Disability



Parliament of Australia
Parliamentary Budget Office

Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Better Schools: Full Gonski and Disability Funding												
Summary of proposal:	<p>The proposal includes the following two components:</p> <p><u>Component 1: Gonski school funding</u></p> <p>This component would increase funding to government and non-government schools to match the funding allocated in the 2013-14 budget for the <i>Better Schools – National Plan for School Improvement</i> (NPSI) for the financial years 2017-18, 2018-19 and 2019-20, and school (calendar) years 2018 and 2019.</p> <p>This component would include the proportional Schooling Resource Standard (SRS) funding for those years, 4.7 per cent indexation, plus all loadings that would have been identified and funded under NPSI (disability, Aboriginality, socio economic status (SES), English proficiency, school size and school remoteness), and using latest enrolment data.</p> <p>Under this component no school would be worse off when compared to current government estimates and Commonwealth schools funding in the 2020 calendar year would be at a level to maintain schools on their 2019 percentages of SRS.</p> <p>This component would have effect from 1 January 2018.</p> <p><u>Component 2: School funding for students with disabilities</u></p> <p>This component would provide the following capped amounts:</p> <table border="1" data-bbox="660 1630 1337 1711"> <thead> <tr> <th>(\$m)</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> <th>2019-20</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Profiled amounts</td> <td>-1,111</td> <td>-1,164</td> <td>-1,218</td> <td>-1,276</td> <td>-4,769</td> </tr> </tbody> </table> <p>This component would have effect from 1 September 2016.</p>	(\$m)	2016-17	2017-18	2018-19	2019-20	Total	Profiled amounts	-1,111	-1,164	-1,218	-1,276	-4,769
(\$m)	2016-17	2017-18	2018-19	2019-20	Total								
Profiled amounts	-1,111	-1,164	-1,218	-1,276	-4,769								
Date of public release of policy:	22 April 2016												
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens												

Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Additional information requested:	On 28 June 2016 clarification was sought from the office of Senator Di Natale (the office) as to what the policy is for both components beyond 2019-20.
Additional information received:	<p>On 28 June 2016 the office advised that:</p> <ul style="list-style-type: none"> • <u>Component 1</u>: Noting a review would be undertaken to determine future policy, after 2019, this policy maintains a 2019 level of funding, plus indexation, as per the <i>Australian Education Act 2013</i> (the Education Act). • <u>Component 2</u>: Additional funding under this component is ongoing calculated yearly against latest Nationally Consistent Collection of Data (NCCD) on School Students with Disability, and indexed as per the Education Act.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The National Education Reform Agreements (NERA) between the Commonwealth and states/territories aim to increase school funding over the period 2014 to 2019 to 95 per cent funding of the SRS.¹ In the 2014-15 Budget, the Government announced that from 1 January 2018 Commonwealth funding to schools will increase by the Consumer Price Index (CPI) and account for student enrolment growth.² In the 2016-17 Budget, the Government announced that total school funding for the 2018, 2019 and 2020 school years would be indexed by 3.56 per cent and account for student enrolment growth.³

This proposal would fund schools in 2018 and 2019 in line with NERA and the Education Act with all states and territories reaching 95 per cent of SRS following the funding trajectories set out in the NERA.⁴ For jurisdictions not currently signed up to NERA (Western Australia, Queensland and the Northern Territory), funding to schools would be provided on the same basis as the final offers made to them in 2013. For 2020, funding would be provided at a level to maintain schools on their 2019 percentages of SRS (with the exception of Victorian schools that would continue to progress towards 95 per cent SRS in 2022).

1 Note WA, Queensland and NT did not sign up to NERA. Further, Victoria's NERA aim is to increase school funding to reach 95 per cent of SRS by 2022.

2 2014-15 Budget measure: *Students First – indexation of school funding from 2018*.

3 2016-17 Budget measure: *School Funding – additional funding from 2018*.

4 Note, as per the NERA, Victoria would not reach 95 per cent of the SRS until 2022.

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$10,159 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in administered expenses.

This proposal would not be expected to require additional departmental expenses, as the proposal relates to an existing function of the Department of Education and Training (DET). This is consistent with the 2016-17 Budget measure, *School Funding – additional funding from 2018* which did not provide departmental funding.

The proposal would have an impact beyond the forward estimates and the financial impacts, disaggregated by component, for the period 2016-17 to 2026-27 are provided at [Attachment A](#).

This costing is considered to be of a medium reliability, while Component 2 is based on specified amounts, Component 1 is based on current Commonwealth and state/territory school funding estimates and school data from DET. The reliability of the costing decreases the further into the future the estimates are projected.

Further, as current 2018 and 2019 Commonwealth funding estimates are not calculated on an individual school basis, the Parliamentary Budget Office (PBO) has applied the specification that no school would be worse off compared to current funding at a state/sector level.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1,111	-1,634	-3,118	-4,296	-10,159
Underlying cash balance	-1,111	-1,634	-3,118	-4,296	-10,159

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal the following assumptions have been made:

Component 1: Gonski school funding

- The number of schools and characteristics of each school (except enrolment growth) would remain stable after 2017 (the last year of data provided by DET). This means that schools' additional per student SRS loading amounts would remain unchanged after 2017.
- Changes to enrolments after 2017 for each school would reflect the average change in enrolments for the relevant jurisdiction and school sector.
- For all school years after 2020, current Commonwealth funding would grow in line with CPI and school enrolments.

Component 2: School funding for students with disabilities

- Payments would be made through a National Partnership.
- As NCCD on School Students with Disability is not available, funding beyond 2019-20 would grow in line with expected growth for school funding under the Education Act.
- The full specified amount in 2016-17 would be provided from the commencement date of 1 September 2017.

Methodology

Component 1: Gonski school funding

With regard to current policy settings, schools funding estimates over the 2016-17 Budget forward estimates were provided by DET. For the period beyond the 2020 school year, schools funding under current policy settings was projected by indexing funding amounts by CPI and accounting for forecast student enrolment growth.

Projected funding amounts for the proposal were generated based on de-identified school level data provided by DET. The estimated level of funding for each school in the DET database is calculated by determining whether the school is below, on or above SRS funding during each year of the costing period and applying the relevant funding formula as set out in the Education Act. For the years up to the target year in which 95 per cent of SRS would be reached, schools that are below SRS funding receive “additionality” funding to transition towards 95 per cent SRS funding. For 2020 and beyond funding is based on applying the arrangements under the Education Act (with the exception of Victorian schools which would continue to progress towards 95 per cent SRS in 2022).

The costing was then derived by taking the difference between total Commonwealth funding for schools between proposed and current policy settings.

Calculations have been made on a calendar school year basis and then converted to financial years. As a result 2017-18 amounts reflect a half-year impact.

Estimates have been rounded to the nearest \$10 million.

Component 2: School funding for students with disabilities

The impacts of this component over 2016-17 to 2019-20 are as specified in the request. Impacts for 2020-21 and thereafter were derived by applying the net growth set out in the Education Act.

Data sources

DET provided a confidentialised version of the schools payment model as at the 2016-17 Budget.

National Education Reform Agreements for New South Wales, Victoria, South Australia, the Australian Capital Territory and Tasmania.

Australian Education Act 2013 <https://www.comlaw.gov.au/Details/C2013A00067>.

Attachment A: Better Schools: Full Gonski Funding — financial implications

Table A1: Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal and underlying cash balances – expenses/payments													
Gonski Funding	-	-470	-1,900	-3,020	-5,400	-3,450	-4,210	-5,030	-5,690	-6,390	-7,110	-7,880	-45,150
School funding for students with disabilities	-1,111	-1,164	-1,218	-1,276	-4,769	-1,350	-1,437	-1,528	-1,611	-1,695	-1,781	-1,871	-16,041
Total	-1,111	-1,634	-3,118	-4,296	-10,159	-4,800	-5,647	-6,558	-7,301	-8,085	-8,891	-9,751	-61,191

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Universities: Base Funding Lift
Summary of proposal:	<p>The proposal would increase base funding for teaching and learning in tertiary education by 10 per cent.</p> <p>The increase in funding would be phased in from 1 January 2017 to 2020 so that from 1 January 2020 universities have a 10 per cent increase in their base funding from current levels (appropriately indexed).</p> <p>The proposal would also reverse cuts to higher education funding in the 2013-14 and 2014-15 Budgets.</p> <p>The proposal would have effect from 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	4 February 2016
Date costing request received:	28 June 2016
Date costing completed	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would reverse measures announced in the 2013-14 and 2014-15 Budgets that affected base university funding and, after allowing for the effect of the reversal of these measures, increase base university funding by an additional 2.5 per cent per year for four years such that after four years there would be an ongoing increase in base funding of 10 per cent. Details of the budget measures that would be reversed under this proposal are provided at [Attachment A](#).

This proposal is expected to decrease the fiscal balance by \$6,995 million, the underlying cash balance by \$6,943 million and the headline cash balance by \$7,051 million over the 2016-17 Budget forward estimates period.

This proposal is not expected to require significant additional departmental expenses, as the proposal relates to an existing core function of the Department of Education and Training.

This proposal would have an ongoing impact that extends beyond the forward estimates period. A breakdown of the cost of the proposal over the period 2016-17 to 2026-27 is provided at [Attachment B](#).

The proposal has a different impact on the fiscal and underlying cash balances primarily due to the effect of the reversal of budget measures on the Higher Education Loan Program.

This costing is considered to be of medium reliability. The base university funding figures and the impact of reversing budget measures are reliant on projections of student numbers and future indexation parameters which may, in fact, differ from current projections.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-419	-1,482	-2,318	-2,776	-6,995
Underlying cash balance	-408	-1,459	-2,303	-2,773	-6,943
Headline cash balance	-408	-1,504	-2,364	-2,776	-7,051

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that university funding is grown by labour productivity and the consumer price index beyond the forward estimates period.

Methodology

As per the proposal, the costing applies the 10 per cent increase to the base funding estimates profile after reversing the effect of relevant measures in the 2013-14 and 2014-15 Budgets. Consistent with the costing request 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 2017 accumulatively up to 10 per cent by 1 January 2020.

Amounts have been rounded to the nearest \$1 million.

Data sources

- The 2013-14, 2014-15 and 2015-16 Budget papers and the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO).
- The Treasury provided economic parameters as at the 2016-17 Budget.

Attachment A: Higher Education measures from the 2013-14 Budget and 2014-15 Budget that would be reversed under this proposal

2013-14 Budget

- Student Start-up Scholarships - conversion to Income Contingent Loans

2014-15 Budget

- Expanding Opportunity - Higher Education Indexation - revised arrangements
- Expanding Opportunity - a more effective Higher Education Participation Programme
- Expanding Opportunity - expansion of the demand driven system and sharing the cost fairly
- A Sustainable Higher Education System - Higher Education Reward Funding – cessation
- A Sustainable Higher Education System - Research Training Scheme - student contributions

Attachment B: Universities: Base Funding Lift — financial implications

Table B1: Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Additional cost from proposed increase in university funding ^(c)	-128	-397	-685	-989	-2,198	-1,161	-1,193	-1,227	-1,263	-1,300	-1,338	-1,377	-11,056
Impact of reversing budget measures	-291	-1,091	-1,657	-1,838	-4,877	-2,047	-2,273	-2,512	-2,767	-3,035	-3,305	-3,591	-24,407
PDI ^(d)	-	6	24	50	80	104	170	247	333	430	535	652	2,552
Total	-419	-1,482	-2,318	-2,776	-6,995	-3,104	-3,296	-3,493	-3,696	-3,904	-4,107	-4,316	-32,911

(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.

(b) Figures may not sum to totals due to rounding.

(c) The increase in university spending has been phased at a rate of 2.5 per cent per calendar year from 1 January 2017 accumulatively up to 10 per cent by 1 January 2020.

(d) PDI is calculated only on the reversal of the measure: *Expanding Opportunity – expansion of the demand driven system and sharing the cost fairly.*

- Indicates nil.

Table B2: Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Additional cost from proposed increase in university funding ^(c)	-129	-402	-697	-1,008	-2,237	-1,183	-1,215	-1,249	-1,284	-1,321	-1,358	-1,397	-11,245
Impact of reversing budget measures	-279	-1,062	-1,629	-1,813	-4,783	-2,021	-2,244	-2,475	-2,718	-2,983	-3,248	-3,530	-24,003
PDI ^(d)	-	5	23	48	77	100	166	241	327	423	528	644	2,506
Total	-408	-1,459	-2,303	-2,773	-6,943	-3,104	-3,293	-3,483	-3,675	-3,880	-4,079	-4,284	-32,741

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

(b) Figures may not sum to totals due to rounding.

(c) The increase in university spending has been phased at a rate of 2.5 per cent per calendar year from 1 January 2017 accumulatively up to 10 per cent by 1 January 2020.

(d) PDI is calculated only on the reversal of the measure: *Expanding Opportunity – expansion of the demand driven system and sharing the cost fairly.*

- Indicates nil.

Table B3: Headline cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Additional cost from proposed increase in university funding ^(c)	-129	-402	-697	-1,008	-2,237	-1,183	-1,215	-1,249	-1,284	-1,321	-1,358	-1,397	-11,245
Impact of reversing budget measures	-279	-1,062	-1,629	-1,813	-4,783	-2,021	-2,244	-2,475	-2,718	-2,983	-3,248	-3,530	-24,003
Change in Higher Education Loan Program (HELP) loans issued ^(d)	0	-44	-61	-2	-108	62	-100	-109	-119	-128	-138	-147	-788
Change in repayments received	-	-	-	..	..	..	-1	-3	-6	-10	-16	-25	-62
PDI ^(e)	-	5	23	48	77	100	166	241	327	423	528	644	2,506
Total	-408	-1,504	-2,364	-2,776	-7,051	-3,043	-3,395	-3,595	-3,800	-4,018	-4,233	-4,456	-33,591

(a) A positive number for the headline cash balance indicates an increase in cash flows. A negative number for the headline cash balance indicates a decrease in cash flows.

(b) Figures may not sum to totals due to rounding.

(c) The increase in university spending has been phased at a rate of 2.5 per cent per calendar year from 1 January 2017 accumulatively up to 10 per cent by 1 January 2020.

(d) The change in HELP loans issued is due to the inclusion of the HELP component of the measure: *Expanding Opportunity – expansion of the demand driven system and sharing the cost fairly*.

(e) PDI is calculated only on the reversal of the measure: *Expanding Opportunity – expansion of the demand driven system and sharing the cost fairly*.

.. Not zero but rounded to zero.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Reducing Student Debt
Summary of proposal:	The proposal would amend the Higher Education Loan Program (HELP), with the intention of reducing the debt level of students accessing HECS-HELP. Students eligible to pay their tuition fees through HECS-HELP would have their tuition fees reduced by 20 per cent, with the Government covering the shortfall by paying the universities directly, from 1 January 2017.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 April 2016 http://greens.org.au/news/sa/greens-proposal-reduces-student-debt-burden
Date costing request received:	28 June 2016
Date costing completed:	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal balance by \$3,330 million, decrease the underlying cash balance by \$3,580 million, and decrease the headline cash balance by \$60 million over the 2016-17 Budget forward estimates period. The impact is entirely due to an increase in administered expenses.

The proposal would not be expected to result in additional departmental expenditures because the administration of HELP and the Commonwealth Grant Scheme (CGS) would remain largely unchanged.

The disaggregated financial impacts of the proposal over the period 2016-17 to 2026-27 are provided at [Attachment A](#).

As the proposal involves the transaction of financial assets in the form of a lower value of HELP loans being issued, the Public Debt Interest (PDI) impact of the proposal has been included in the overall financial impacts of the proposal. The Methodology section outlines how impacts on each budget balance are estimated, and a note on the accounting treatment of income contingent loans is included at [Attachment B](#).

This costing is considered to be of low to medium reliability as the behavioural responses of students to this proposal are uncertain. The reliability of estimates diminishes the further out projections are made, as the forecast becomes more uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance (\$m)	-410.0	-880.0	-980.0	-1,060.0	-3,330.0
Underlying cash balance (\$m)	-460.0	-960.0	-1,050.0	-1,110.0	-3,580.0
Headline cash balance (\$m)	-	-	-10.0	-50.0	-60.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

In costing this proposal, the following assumptions have been made:

- The proposal would not impact on the number of students undertaking higher education. If the proposal did cause student numbers to increase, the cost of this proposal would increase, due to both an increase in higher education funding and other related government expenses which are driven, in part, by the number of higher education students.
- Students currently projected to make upfront payments for their studies have been adjusted to reflect that a proportion of them would instead take out a HECS-HELP loan to take advantage of the proposal.

Methodology

The Department of Education and Training's 2016-17 Budget forward estimates model for HELP was used to cost the proposal. This model takes account of the decision of the Government in the 2016-17 Budget not to proceed with the deregulation of university fees announced in the 2014-15 Budget.

As per the proposal, reductions in HECS-HELP student contributions are offset exactly by an increase in CGS payments that are paid by the Government to universities. The increase in CGS payments decreases the fiscal, underlying cash and headline cash balances.

The costing applies the reduction in HECS-HELP student contribution to the base funding estimates profile in the HELP model. The HELP component of the proposal has the following impacts on budget balances:

Fiscal balance impact – components

- Lower interest revenue from smaller HECS-HELP loans being issued has a negative impact on the fiscal balance.
- Lower concessional loan discount expenses due to smaller HECS-HELP loans being issued have a positive impact on the fiscal balance.
- Concessional loan discount unwinding revenue in later years offsets the reduced concessional loan discount expenses and has a negative impact on the fiscal balance. Over the life of an individual loan, the concessional loan discount unwinding revenue is equal to the concessional loan discount expenses and results in a nil impact on the fiscal balance¹.
- Reductions in write-downs of bad debts (due to smaller HECS-HELP loans being issued) have a positive impact on the fiscal balance.
- Lower PDI expenses have a positive impact on the fiscal balance.

Underlying cash balance impact – components

- Lower interest receipts from smaller HECS-HELP loans being issued have a negative impact on the underlying cash balance.
- Lower PDI payments have a positive impact on the underlying cash balance.

Headline cash balance impact – components

- Reduced borrowings by HECS-HELP students have a positive impact on the headline cash balance.
- Lower principal repayments by HECS-HELP students have a negative impact on the headline cash balance.
- Lower interest receipts from smaller HECS-HELP loans being issued have a negative impact on the headline cash balance.
- Lower PDI payments have a positive impact on the headline cash balance.

The financial implication of the proposal is the total financial impact of its HELP and CGS components. All estimates are rounded to the nearest \$10 million.

1 Given this costing is over a defined time period with a lower value of loans being issued each year relative to the 2016-17 Budget, the net impact of the concessional loan discount expense and the revenue from the unwinding of concessional loan discount would not be zero. Were the analysis to be undertaken for a single loan and that loan were to be established and fully repaid during the analysis period then these two lines would net to zero.

Data sources

The Department of Education and Training provided the 2016-17 HELP forward estimates model.

Attachment A: Reducing higher education contribution scheme (HECS) burden—financial implications

Table A1: Reducing HECS-HELP student contributions by 20 per cent from 1 January 2017—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Commonwealth Grant Scheme expenses	-460.0	-960.0	-1,040.0	-1,100.0	-3,570.0	-1,160.0	-1,210.0	-1,270.0	-1,320.0	-1,380.0	-1,440.0	-1,500.0	-12,840.0
Higher Education Loan Programme													
<i>Concessional loan discount expense</i>	50.0	90.0	100.0	100.0	330.0	100.0	110.0	110.0	120.0	120.0	130.0	130.0	1,140.0
<i>Concessional loan discount unwinding revenue</i>	-	-	-10.0	-20.0	-20.0	-30.0	-40.0	-50.0	-70.0	-80.0	-80.0	-90.0	-470.0
<i>Net concessional loan discount^(c)</i>	50.0	90.0	90.0	80.0	310.0	70.0	60.0	60.0	50.0	40.0	40.0	40.0	670.0
<i>Interest revenue accrued</i>	-	-10.0	-20.0	-50.0	-80.0	-70.0	-90.0	-110.0	-130.0	-160.0	-180.0	-210.0	-1,010.0
<i>Loan write-downs</i>	-	..	..	..	..	..	..	..	..	..	..	..	20.0
Public Debt Interest	-	-	..	..	..	..	-10.0	-20.0	-40.0	-60.0	-80.0	-110.0	-330.0
Total impact	-410.0	-880.0	-980.0	-1,060.0	-3,330.0	-1,160.0	-1,250.0	-1,340.0	-1,440.0	-1,540.0	-1,660.0	-1,780.0	-13,500.0

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

(b) Figures may not sum to totals due to rounding.

(c) Net concessional loan discount comprises the Concessional loan discount expense *less* the Concessional loan discount unwinding revenue.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Reducing HECS-HELP student contributions by 20 per cent from 1 January 2017 – Underlying cash balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Commonwealth Grant Scheme payments	-460.0	-960.0	-1,040.0	-1,100.0	-3,570.0	-1,160.0	-1,210.0	-1,270.0	-1,320.0	-1,380.0	-1,440.0	-1,500.0	-12,840.0
Higher Education Loan Programme													
<i>Interest received</i>	-	-	..	-10.0	-10.0	-30.0	-40.0	-60.0	-70.0	-80.0	-90.0	-100.0	-490.0
Public Debt Interest	-	-	..	..	..	..	-10.0	-20.0	-40.0	-60.0	-80.0	-110.0	-320.0
Total impact	-460.0	-960.0	-1,050.0	-1,110.0	-3,580.0	-1,190.0	-1,270.0	-1,350.0	-1,430.0	-1,520.0	-1,610.0	-1,710.0	-13,650.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: Reducing HECS-HELP student contributions by 20 per cent from 1 January 2017 – Headline cash balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Commonwealth Grant Scheme expenses	-460.0	-960.0	-1,040.0	-1,100.0	-3,570.0	-1,160.0	-1,210.0	-1,270.0	-1,320.0	-1,380.0	-1,440.0	-1,500.0	-12,840.0
Higher Education Loan Programme													
<i>Loans issued</i>	<i>460.0</i>	<i>960.0</i>	<i>1,040.0</i>	<i>1,100.0</i>	<i>3,570.0</i>	<i>1,160.0</i>	<i>1,210.0</i>	<i>1,270.0</i>	<i>1,320.0</i>	<i>1,380.0</i>	<i>1,440.0</i>	<i>1,500.0</i>	<i>12,840.0</i>
<i>Repayments and interest received</i>	-	-	-10.0	-50.0	-60.0	-110.0	-180.0	-240.0	-300.0	-350.0	-400.0	-450.0	-2,080.0
Public Debt Interest	-	-	..	..	..	..	-10.0	-20.0	-40.0	-60.0	-80.0	-110.0	-320.0
Total impact	-	-	-10.0	-50.0	-60.0	-110.0	-190.0	-260.0	-330.0	-410.0	-480.0	-560.0	-2,400.0

(a) A positive number for the headline cash balance indicates an increase in cash flow. A negative number for the headline cash balance indicates a decrease in cash flow.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Attachment B: Accounting treatment of HELP loans

The issuing of HELP loans and repayments of principal are not included in either the underlying cash balance or the fiscal balance as they are treated as investments.

However, the component of repayments that is considered interest is included as revenue in underlying cash balance terms. As repayment amounts are linked to income levels, it is difficult to separate interest repayments from principal repayments. In the forward estimates, a fixed proportion of all repayments is taken to be interest repayments. This is based on the average amount of interest paid over the life of HELP loans.

Interest is also accounted for in fiscal balance terms. This is the increase in the value of the debt due to indexation by the Consumer Price Index (CPI) each financial year (moving to the 10 year bond rate, capped at six per cent, under this measure). Fiscal balance interest income is assessed on the “fair value” of the HELP debt, consistent with relevant accounting standards, as it is unreasonable to claim interest income on a debt that is not expected to be repaid.

HELP loans are concessional as they are indexed to CPI rather than the market interest rate. The Budget accounts for this as an expense in fiscal balance terms. As loans are repaid, the amount of forgone interest income reduces, so this expense is “unwound”, having a positive impact on the fiscal balance.

When the Commonwealth agrees to forgo the repayment of some or all of a debtor’s debt this also has a negative impact on Budget aggregates. Mutually agreed write-downs or write-offs (for example in the case of death) have no impact on the underlying cash balance, but are an expense in fiscal balance terms.

The headline cash balance adjusts the underlying cash balance to include earnings from the Future Fund and the net cash flow from investments for policy purposes. An example of such an investment is the issuing of loans to achieve policy goals, as is the case with HELP.

The headline cash balance impact on HELP resulting from a policy change would be:

- the underlying cash balance impact
- **less** the positive impact on the underlying cash balance from interest
- **plus** the value of HELP repayments, and
- **less** the value of new HELP loans issued.

The headline cash balance is tracked in Budget papers, and is normally reported in policy costings when it differs from the underlying cash balance.

The fair value of the debt is a positive contributor to the Government’s net financial worth.

In accordance with PBO Guidance 02/2015 and the *Charter of Budget Honesty Policy Costing Guidelines*, proposals that impact on HELP “involves transactions of financial assets” and thus the flow on impact to Public Debt Interest (PDI) payments would need to be taken into account. When estimating the proposal’s impact on PDI payments, the net headline cash balance impact is used. The net headline cash balance impact includes not only the HELP component of the proposal, but all associated components that are considered integral to the overall proposal.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Boost TAFE Funding and establish VET Ombudsman
Summary of proposal:	<p>The proposal would have two components:</p> <p><u>Component 1</u>: provide an extra \$400 million per year for TAFE to increase the proportion of the population that would attain a higher education qualification.</p> <p>The funding would be indexed annually by the Consumer Price Index (CPI).</p> <p><u>Component 2</u>: provide \$10 million evenly split over two years as seed funding to establish a VET Ombudsman to facilitate student complaints against private education providers.</p> <p>The proposal would have effect from 1 September 2016 with funding for 2016-17 to be based on pro-rating the first year of funding over the remaining 10 months of the financial year.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	15 June 2016
Date costing request received:	28 June 2016
Date costing completed	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the underlying cash and fiscal balances by \$1,598.1 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of \$1,588.1 million and an increase in departmental expenses of \$10 million over this period.

The proposal would have financial implications beyond the 2016-17 Budget forward estimates period, with the annual impact after 2019-20 growing in line with growth in CPI. A detailed breakdown of the financial impacts for the total (Table A1) and by component (Tables A2-3) is provided at [Attachment A](#).

In relation to Component 1 departmental costs are not expected to be material as the funding would be administered by state and territory governments. Funding for Component 2 is considered to be entirely departmental funding.

This costing is considered to be of high reliability as it is based on specified capped amounts.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-333.3	-413.0	-423.1	-428.6	-1,598.1
Underlying cash balance	-333.3	-413.0	-423.1	-428.6	-1,598.1

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

(b) Figures may not sum to totals due to rounding.

Methodology

Administered expenditure estimates of component 1 are the specified amount of \$400 million for the first year of the proposal (noting this amount is the pro-rated for the 1 September 2016 start date) with this amount indexed annually based on the projected June quarter CPI.

Departmental expenditure estimates for component 2 are as specified in the request.

Data source

The Department of Finance provided indexation parameters.

Attachment A: Boost TAFE Funding and establish VET Ombudsman—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/payments					
Administered	-333.3	-408.0	-418.1	-428.6	-1,598.1
Departmental	-	-5.0	-5.0	-	-
Total	-333.3	-413.0	-423.1	-428.6	-1,598.1

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/payments					
Administered	-333.3	-408.0	-418.1	-428.6	-1,588.1
Departmental	-	-	-	-	-
Total	-333.3	-408.0	-418.1	-428.6	-1,588.1

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/payments					
Administered	-	-	-	-	-
Departmental	-	-5.0	-5.0	-	-10.0
Total	-	-5.0	-5.0	-	-10.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Innovation – Driving research and development through the Future Fund
Summary of proposal:	This proposal would require 3 per cent of the Future Fund's total asset holdings to be dedicated to Australian innovation, venture capital and impact investing. This proposal would commence on 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 May 2016
Date costing request received:	28 June 2016
Date costing completed	29 June 2016
Additional information requested (including date):	On 28 June 2016, the Parliamentary Budget Office contacted advisers in Senator Di Natale's office to clarify the amount of the Future Fund's investments that would be subject to the 3 per cent requirement.
Additional information received (including date):	On 28 June 2016, Senator Di Natale's office confirmed that the proposal would require the Future Fund to dedicate 3 per cent of its total asset holdings to Australian innovation, venture capital and impact investing (approximately \$15 billion over 4 years).
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would not be expected to have an impact on the fiscal or underlying cash balances as it represents a redirection of existing investments which would be unlikely to have a material impact on the Future Fund's overall rate of return on investment.

This costing is considered to be of medium reliability. The costing relies on the assumption that the Future Fund would continue to achieve the same rate of return on its investments overall.

Table 1: Financial implications (outturn prices)

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-	-	-	-
Underlying cash balance	-	-	-	-	-

- Indicates nil.

Key assumptions

- There would be no impact on departmental costs as the aggregate investment of the Future Fund would not change.
- There would be no costs or barriers to redirecting 3 per cent of current Future Fund investments.
- New investments would not materially alter the Future Fund’s overall rate of return on investment.

Data sources

- Future Fund Investment Mandate, available at: <https://www.legislation.gov.au/Details/F2015L00104>



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Marine Plastics CRC
Summary of proposal:	<p>The proposal would establish a Marine Plastics Cooperative Research Council (CRC) to undertake research into the impact of plastic pollution on the marine environment.</p> <p>The Australian Government would provide the CRC with \$5 million in 2017-18, with funding indexed by the consumer price index (CPI) until this funding terminates in 2022-23.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	10 June 2016 http://greens.org.au/news/tas/greens-propose-establishment-marine-plastics-crc-hobart
Date costing request received:	28 June 2016
Date costing completed:	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would decrease both the fiscal and underlying cash balances by \$15.3 million over the 2016-17 Budget forward estimates period. This impact is due to an increase of \$14.4 million in administered expenses and \$0.9 million in departmental expenses over this period.

The proposal would continue to have an impact until it terminates in 2022-23. Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of high reliability as it based on specified capped funding allocations. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-5.0	-5.1	-5.2	-15.3
Underlying cash balance	-	-5.0	-5.1	-5.2	-15.3

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

The total impact of the proposal reflects the capped funding amount as specified in the request for 2017-18 indexed by CPI in subsequent years.

Departmental expenditure estimates were calculated based on previous similar budget measures.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters and extracts from the Central Budget Management System.

Attachment A: Marine Plastics CRC —financial implications

Table A1: Marine Plastics CRC —Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal and underlying cash balances – expenses/payments													
Administered	-	-4.7	-4.8	-4.9	-14.4	-5.0	-5.2	-	-	-	-	-	-24.6
Departmental	-	-0.3	-0.3	-0.3	-0.9	-0.3	-0.3	-	-	-	-	-	-1.6
Total	-	-5.0	-5.1	-5.2	-15.3	-5.4	-5.5	-	-	-	-	-	-26.2

(a) A negative number indicates an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Antarctic and Southern Ocean Policy
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Ice-sheet Unit</u></p> <p>This component would provide \$4.4 million per year to establish a designated ice-sheet unit within the Australian Antarctic Division.</p> <p><u>Component 2: Antarctic Climate and Ecosystem Cooperative Research Centre (ACECRC)</u></p> <p>This component would provide an additional five years funding for ACECRC from 2019-20 to 2023-24.</p> <p><u>Component 3: Antarctic Gateway Partnership</u></p> <p>This component would continue the Antarctic Gateway Partnership funding for an additional four years after the end of current funding period.</p> <p><u>Component 4: RV Investigator</u></p> <p>This component would provide additional funding to increase the number of days at sea for the <i>RV Investigator</i> from 180 days to 300 days per year.</p> <p><u>Component 5: Productivity Commission</u></p> <p>This component would require the Productivity Commission to provide a full economic valuation of the output of Australia’s Antarctic Science Program and knowledge base. This work would be done as part of the Commission’s usual work program.</p> <p><u>Component 6: Antarctic Envoy</u></p> <p>This component would establish the role of the Antarctic Envoy in the Department of Foreign Affairs and Trade (DFAT) with the cost to be met from within the existing resources of the department.</p> <p><u>Component 7: Press Review</u></p> <p>This component would ensure a full response would be provided to all 35 recommendations contained in the Press Review within the first three months of the term of the new Government.</p>

	Components 1, 4, 5, 6 and 7 would have effect from 1 July 2016, Component 3 from 1 July 2017 and Component 2 from 1 July 2019.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 June 2016
Date costing request received:	28 June 2016
Date costing completed:	28 June 2016
Additional information requested (including date):	On 28 June 2016, the office of Senator Richard Di Natale (the office) was contacted to clarify whether the component of <i>RV Investigator</i> should be included in the proposal and whether, consistent with the associated media release, agencies affected by Components 5 and 6 would be required to meet the cost of these proposals from within existing resources.
Additional information received (including date):	On 28 June 2016, the office advised that the component of <i>RV Investigator</i> should be included in the proposal and that the Productivity Commission would be required to undertake Component 5 as part of its usual work program and that DFAT would be required to meet the cost of Component 6 from within existing resources.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$115.9 million over the 2016-17 Budget forward estimates. These impacts are due to an increase in administered expenses of \$29.0 million and an increase in departmental expenses of \$86.9 million.

This proposal would have an ongoing impact that extends beyond the forward estimates. Disaggregated financial implications for the total (Table A1) and by components (Components 1 to 4) of the proposal (Tables A2-A5) over the period 2016-17 to 2026-27 are at [Attachment A](#).

Component 7 would not require additional funding as it is not expected to be administratively burdensome.

For Component 1, the costing is considered to be of high reliability as it is based on specified capped amounts. For Component 2 and Component 3, this costing is considered to be of high reliability as both are the continuation of existing programs. For Component 4, this costing is considered to be of medium reliability due to the uncertainty of the average daily operating cost of the vessel.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-21.8	-29.6	-29.7	-34.8	-115.9
Underlying cash balance	-21.8	-29.6	-29.7	-34.8	-115.9

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

(b) Figures may not sum to totals due to rounding.

Methodology

For Component 1, the financial impact on departmental expenses is the specified \$4.4 million per year.

For Components 2 and 3, the financial impacts on administered expenses were based on existing funding for both programs.

For Component 4, the financial impact on departmental expenses was calculated by multiplying the average daily operating cost by the increased number of operating days, adjusted to account for the net effect of indexation parameters and the efficiency dividend.

Consistent with the specification of the proposal no additional resources have been provided for the Productivity Commission (Component 5) or DFAT (Component 6).

Data sources

The Department of Industry, Innovation and Science provided annual operating costs and planned operating days of the *RV Investigator* over 2016-17 to 2019-20 and estimates profile for ACECRC over 2016-17 to 2018-19.

2014-15 Budget Paper No. 2.

Attachment A: Antarctic and Southern Ocean Policy—financial implications

Table A1: Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-8.0	-8.0	-13.0	-29.0	-13.0	-5.0	-5.0	-5.0	-	-	-	-57.0
Departmental	-21.8	-21.6	-21.7	-21.8	-86.9	-21.9	-22.0	-22.2	-22.3	-22.4	-22.5	-22.6	-242.9
Total	-21.8	-29.6	-29.7	-34.8	-115.9	-34.9	-27.0	-27.2	-27.3	-22.4	-22.5	-22.6	-299.9

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1 – Ice-sheet Unit – financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-4.4	-4.4	-4.4	-4.4	-17.6	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-48.4
Total	-4.4	-4.4	-4.4	-4.4	-17.6	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-48.4

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2 – ACECRC – financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-	-	-	-25.0
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-	-	-	-25.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3 – Antarctic Gateway Partnership – financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-8.0	-8.0	-8.0	-24.0	-8.0	-	-	-	-	-	-	-32.0
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-8.0	-8.0	-8.0	-24.0	-8.0	-	-	-	-	-	-	-32.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 4 – RV Investigator – financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-17.4	-17.2	-17.3	-17.4	-69.3	-17.5	-17.6	-17.8	-17.9	-18.0	-18.1	-18.2	-194.5
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-17.4	-17.2	-17.3	-17.4	-69.3	-17.5	-17.6	-17.8	-17.9	-18.0	-18.1	-18.2	-194.5

(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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Stopping another stolen generation: Reducing the number of Aboriginal and Torres Strait Islander children in out of home care
Summary of proposal:	<p>This proposal is comprised of two components.</p> <p><u>Component 1: Funding for projects to reduce out of home care</u></p> <ul style="list-style-type: none"> • This component would provide capped funding of \$20 million over four years (not including departmental costs) for projects to reduce the number of children entering out of home care. <p>Component 2: Improving support for children in out of home care</p> <ul style="list-style-type: none"> • This component would implement a number of recommendations of the Senate Community Affairs References Committee inquiry into out of home care: <ul style="list-style-type: none"> – Recommendations 1, 4-7, 9-13, 15, 17, 20, 23-28, 31-32 and 34-49 <ul style="list-style-type: none"> ♦ Provide additional capped funding of \$10 million over the 2016-17 Budget forward estimates period to the Department of Social Services (DSS) to support progress of these recommendations. – Recommendations 2, 3 and 19 <ul style="list-style-type: none"> ♦ Provide additional funding of \$1.5 million to the Australian Institute of Health and Welfare (AIHW) over the 2016-17 Budget forward estimates period to improve data collection. – Recommendation 14 <ul style="list-style-type: none"> ♦ The DSS, the Department of Human Services (DHS) and the Department of Immigration and Border Protection (DIBP) to review parental consent requirements for identity documents.

	<ul style="list-style-type: none"> – Recommendation 21 <ul style="list-style-type: none"> ◆ Increase the Transition to Independent Living Allowance (TILA) from \$1,500 to \$3,000 per eligible person. – Recommendation 33 <ul style="list-style-type: none"> ◆ National Disability Insurance Agency (NDIA) to review support available. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 May 2016 http://greens.org.au/stolen-generation ; http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-package-stop-another-stolen-generation .
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$41.4 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$25.4 million and an increase in departmental expenses of \$16.0 million over this period. A detailed breakdown of the financial implications by component is at [Attachment A](#).

The only ongoing financial impact beyond the 2016-17 Budget forward estimates relates to the TILA component of the costing, which is estimated to be \$1.4 million per year. All other specified funding amounts cease at the end of 2019-20.

The first component (funding for projects to reduce out of home care) and the first two elements of the second component (funding for DSS and AIHW) of the costing are considered to be of high reliability as the amount of funding is fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

The remaining elements of the costing (the increase in the TILA, and funding for the review of parental consent requirements and NDIA support) are considered to be of medium reliability as they are based on departmental costs of similar programs and DSS 2016-17 Budget forward estimates projections (for future TILA recipients).

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-10.8	-10.2	-10.2	-10.2	-41.4
Underlying cash balance	-10.8	-10.2	-10.2	-10.2	-41.4

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

(b) Figures may not sum to totals due to rounding.

Methodology

Administered costs that account for the increased TILA are based on the number of eligible individuals multiplied by the amount of the increase.

Estimated Departmental expenditure estimates (other than the specified capped amounts) are based on other like programs. Estimates allow for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- Senate Community Affairs References Committee *Out of home care* inquiry, August 2015.
- Department of Finance provided indexation and efficiency dividend parameters.
- Department of the Prime Minister and Cabinet, *Portfolio Budget Statements 2016-17*.

Attachment A: Stopping another stolen generation: Reducing the number of Aboriginal and Torres Strait Islander children in out of home care—financial implications

Table A1: Combined impact of all components—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-6.4	-6.4	-6.4	-6.4	-25.4
Departmental	-4.5	-3.8	-3.8	-3.9	-16.0
Total	-10.8	-10.2	-10.2	-10.2	-41.4

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Funding for projects to reduce out of home care—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered (DSS)	-5.0	-5.0	-5.0	-5.0	-20.0
Departmental (DSS)	-0.8	-0.9	-0.9	-0.9	-3.5
Total	-5.8	-5.9	-5.9	-5.9	-23.5

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 2: Improving support for children in out of home care—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Increase TILA	-1.4	-1.4	-1.4	-1.4	-5.4
Total - Administered	-1.4	-1.4	-1.4	-1.4	-5.4
Departmental					
Additional funding (DSS)	-2.5	-2.5	-2.5	-2.5	-10.0
Improve data collection (AIHW)	-0.4	-0.4	-0.4	-0.4	-1.5
Review parental consent requirements for identity documents (DSS, DHS, DIBP)	-0.1	-0.1	-0.1	-0.1	-0.3
Review support available (NDIA)	-0.7	-	-	-	-0.7
Total - Departmental	-3.6	-2.9	-2.9	-2.9	-12.4
Total	-5.0	-4.3	-4.3	-4.3	-17.9

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Support for people with disability: A Royal Commission into abuse, violence and neglect
Summary of proposal:	<p>The proposal would provide capped funding of \$400 million over five years (\$42 million in 2016-17, \$89 million in 2017-18, 2018-19 and 2019-20 and \$91 million in 2020-21) to establish a Royal Commission into violence, abuse and neglect of people with disability.</p> <p>The Royal Commission would have a reporting date of 30 June 2021, with departmental costs to be met from within the capped funding amounts.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 June 2016 http://rachel-siewert.greensmps.org.au/content/media-releases/greens-commit-royal-commission-abuse-violence-and-neglect-people-disability-a
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$309.0 million over the 2016-17 Budget forward estimates period. The impact is due to an increase in administered expenses of \$295.0 million and an increase in departmental expenses of \$14.0 million.

This proposal would have an impact beyond the 2016-17 Budget forward estimates period, with funding of \$91 million proposed for 2020-21. Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of high reliability as it is based on specified capped amounts. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-42.0	-89.0	-89.0	-89.0	-309.0
Underlying cash balance	-42.0	-89.0	-89.0	-89.0	-309.0

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

(b) Figures may not sum to totals due to rounding.

Methodology

The total impact of the proposal reflects the capped funding amount as specified in the request.

Departmental expenditure estimates were calculated by applying appropriate indexation rates to the average annual operating costs of the Attorney-General’s Department in relation to the Royal Commission into Institutional Responses to Child Sexual Abuse over 2012-13 to 2017-18.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data sources

The Attorney-General’s Department provided actual expenditure and expenditure estimates for the Royal Commission into Institutional Responses to Child Sexual Abuse over 2012-13 to 2017-18.

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Support for people with disability: A Royal Commission into abuse, violence and neglect—financial implications

Table A1: Support for people with disability: A Royal Commission into abuse, violence and neglect—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-40.0	-85.0	-85.0	-85.0	-295.0	-86.0	-	-	-	-	-	-	-381.0
Departmental – Attorney General’s Department	-2.0	-4.0	-4.0	-4.0	-14.0	-5.0	-	-	-	-	-	-	-19.0
Total	-42.0	-89.0	-89.0	-89.0	-309.0	-91.0	-	-	-	-	-	-	-400.0

(a) A positive number indicates an increase in revenue or a decrease in expenses in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Child Abuse Redress Scheme
Summary of proposal:	<p>The proposal would establish a National Redress Scheme (the scheme) to administer monetary payments and provide funding for counselling and psychological care services as recommended in the <i>Redress and civil litigation report</i> of the Royal Commission into Institutional Responses to Child Sexual Abuse. State and territory governments and relevant institutions are expected to provide part of the required funding. The Commonwealth would provide 50 per cent of the funding for funding of last resort.</p> <p>The Scheme would be established from 1 November 2016. Monetary payments and counselling and psychological care would be available from 1 July 2018.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	10 May 2016
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The scheme is intended to provide monetary payments and counselling and support services to victims of institutional child sexual abuse. The scheme was recommended in the *Redress and civil litigation report* from the Royal Commission into Institutional Responses to Child Sexual Abuse.

The *Redress and civil litigation report* provided expected aggregate costs associated with providing the monetary payments and counselling and psychological care to victims (where government responsibility has been adjusted to take on the role of funder of last resort). As funder of last resort the Government's liability would be increased to offset the expected shortfall in institutional funding because institutions no longer exist or have insufficient assets to meet their liability under the scheme.

This proposal would be expected to decrease the fiscal and underlying cash balances by \$251.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses by \$213.7 million and an increase in departmental expenses of \$37.5 million.

This costing would have ongoing financial implications beyond the 2016-17 Budget forward estimates period. Financial implications over the period 2016-17 to 2026-27 are at [Attachment A](#).

This costing is considered to be of medium reliability. It relies on estimates of the victim population and take up rates which are subject to some uncertainty.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-7.6	-17.2	-84.3	-142.0	-251.2
Underlying cash balance	-7.6	-17.2	-84.3	-142.0	-251.2

(a) A positive number indicates an increase in the relevant budget balance, a negative number a decrease

(b) Figures may not sum to totals due to rounding.

Key assumptions

Departmental expenses undertaken over the period 1 November 2016 to 1 July 2018, when the operation of the scheme commences, represent start-up costs for the scheme and would be funded by the Commonwealth Government. Thereafter, the departmental expenses of operating the scheme are funded by liable institutions in accordance with their proposed share of liability.

Methodology

The profile for uptake of monetary payments, counselling and psychological care services and the estimated aggregate payment are based on information provided in the *Redress and civil litigation report*. Departmental costs have been apportioned across the functions of the scheme based on the administered cost of each service.

Data sources

The Parliamentary Budget Office utilised data contained in the *Redress and civil litigation report* from the Royal Commission into Institutional Responses to Child Sexual Abuse.

Attachment A: Child Abuse Redress Scheme—financial implications

Table A1: Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
Monetary payments	-	-	- 71.1	- 123.9	- 195.0	- 122.9	- 119.8	- 111.7	- 101.6	- 65.0	- 21.3	- 8.1	- 745.4
Counselling services	-	-	- 6.8	- 11.9	- 18.7	- 11.8	- 11.5	- 10.7	- 9.7	- 6.2	- 2.0	- 0.8	- 71.4
Total - administered	-	-	- 77.9	- 135.8	- 213.7	- 134.7	- 131.3	- 122.4	- 111.3	- 71.2	- 23.3	- 8.9	- 816.8
Departmental													
Scheme establishment	- 5.2	- 11.7	-	-	- 17.0	-	-	-	-	-	-	-	- 17.0
Monetary payments	- 2.2	- 5.0	- 5.8	- 5.7	- 18.7	- 5.4	- 4.9	- 3.6	- 1.7	- 0.6	- 0.4	- 0.4	- 35.7
Counselling services	- 0.2	- 0.5	- 0.6	- 0.5	- 1.8	- 0.5	- 0.5	- 0.3	- 0.2	- 0.1	- 0.0	- 0.0	- 3.4
Total - departmental	- 7.6	- 17.2	- 6.4	- 6.2	- 37.5	- 5.9	- 5.4	- 4.0	- 1.8	- 0.6	- 0.4	- 0.4	- 56.1
Total	- 7.6	- 17.2	- 84.3	- 142.0	- 251.2	- 140.6	- 136.7	- 126.3	- 113.2	- 71.9	- 23.7	- 9.3	- 872.9

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Standing Up for Small Business: Loss Carry-back and GST Threshold
Summary of proposal:	<p>The proposal has two components.</p> <p><u>Component 1: Reinstate loss carry-back</u></p> <ul style="list-style-type: none"> This component would reinstate loss carry-back to allow small businesses to claim up to \$1 million of current financial year losses against profits made in previous financial years. Small businesses are those with aggregate annual turnover below \$2 million. Losses used in this manner would no longer be eligible to be carried forward into the next financial year. This component would have effect from 1 September 2016 and would cease after 30 June 2020. <p><u>Component 2: Increase Goods and Services Tax (GST) registration threshold</u></p> <ul style="list-style-type: none"> This component would increase the registration threshold for the GST from \$75,000 to \$150,000 or more for businesses, and from \$150,000 to \$300,000 or more for not-for-profit organisations, with these thresholds to be indexed annually by the Consumer Price Index (CPI). This component would have effect from 1 July 2017 and would be ongoing.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	24 June 2016 http://greens.org.au/small-business
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016

Additional information received (including date)	<p>On 28 June 2016, the office of Senator Di Natale advised that in relation to component 1:</p> <ul style="list-style-type: none"> • a small business would have aggregate annual turnover below \$2 million • losses eligible for carry back would no longer be able to be carried forward to the next year • the loss carry back component would expire on 30 June 2020.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal balance by \$614 million and decrease the underlying cash balance by \$314 million over the 2016-17 Budget forward estimates period. This reflects a decrease in revenue of \$6,750 million and a net decrease in expenses of \$6,136 million on a fiscal balance basis.

The reintroduction of loss carry back would result in a reduction in tax revenue from 2017-18 (as 2016-17 tax returns are assessed). This impact would be offset in subsequent years to the extent that companies would be able to utilise these losses against future taxable income.

As the proposed reintroduction of loss carry-back would be temporary, the impact of the proposal over the 2016-17 Budget forward estimates period is not representative of its ongoing impact. While loss carry back would cease in 2019-20, claims relating to the final year of the proposal would not be made until the following year. In subsequent years the proposal would result in an increase in tax revenue, reflecting the fact that losses eligible for carry back would no longer be able to be carried forward.

The increase in the registration threshold for the GST would not be expected to have a net financial impact on the underlying cash balance of the Commonwealth Government, as GST is paid directly to the states and territories (net of administrative costs) under the *Intergovernmental Agreement on Federal Financial Relations*. Lifting the GST registration threshold would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

The difference between the underlying cash and fiscal balance impact in the first year of the proposal reflects a delay between when GST revenue is recognised as being owed to the Commonwealth and the receipt of the payment through lodgement of a Business Activity Statement (BAS).

A detailed breakdown of the financial implications of the components of the proposal to 2026-27 is included at [Attachment A](#).

The proposal to reintroduce loss carry back would be expected to increase departmental expenses and these estimates are based on the amounts allocated in the original 2012-13 Budget measure. The proposal to increase the GST registration threshold would be expected to decrease departmental expenses by \$10 million per year, reflecting the reduction in the number of entities registered for the GST.

This costing is considered to be of medium reliability. The loss carry-back estimates for the proposal are based on detailed company tax data, however assumptions are required regarding the extent to which losses would be able to be utilised over time. The estimates for the GST registration threshold component are based on unit record data, however assumptions are required to estimate the number of entities within the proposed new thresholds and the behavioural response of those entities.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-6.9	-355.3	-101.3	-150.8	-614.3
Underlying cash balance	-6.9	-55.3	-101.3	-150.8	-314.3

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Reinstate loss carry-back

- Eligible taxpayers are assumed to claim the full amount of the loss carry-back as soon as it is available.
- 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.
- The reintroduction of loss carry-back would apply from the 2016-17 income year.

Increase GST registration threshold

- The proportion of GST attributable to entities that are under the new thresholds does not change due to the CPI indexation of the thresholds.
- The change in threshold does not change the projected growth of an entity's revenue.
- The proportion of entities that are non-profit entities is based on information from a Productivity Commission report on the number of organisations with an active tax status classified as not-for-profit by the Australian Taxation Office (ATO).
- Some entities that have turnover below the threshold will choose to remain registered for GST.
 - It is assumed that all businesses that receive net refunds of GST would choose to remain registered.
 - It is also assumed that 50 per cent of entities who have a net GST liability would choose to remain registered for GST.

Methodology

The impact of the reintroduction of loss carry-back is the sum of the refund of previous taxes claimed under the loss carry back rules and the increase in taxes that would result from the reduction in the level of losses able to be utilised in subsequent years.

Estimates of the net amount of GST paid by entities which currently have to register for GST but that would no longer have to register as a result of this proposal were calculated using unit record file data from 2012-13 BAS unit record file data. This estimate was projected forward using forecast growth in GST revenue from the 2016 Pre-election Economic and Fiscal Outlook.

Revenue and administered expenditure estimates in this costing have been rounded to the nearest \$50 million. Departmental expenditure and capital estimates have been rounded to the nearest \$100,000.

Data sources

- 2012-13 Budget
- 2013 Pre-election Economic and Fiscal Outlook
- 2013-14 Budget
- 2016 Pre-election Economic and Fiscal Outlook
- ATO, BAS Unit Record Data
- Productivity Commission (2010), Contribution of the Not-for-Profit Sector

Attachment A: Standing Up for Small Business: Loss Carry-back and GST Threshold— financial implications

Table A1: Combined impact of all components—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	-	-2,100.0	-2,250.0	-2,400.0	-6,750.0	-2,500.0	-2,350.0	-2,600.0	-2,750.0	-2,900.0	-3,050.0	-3,200.0	-26,100.0
Expenses	-6.9	1,744.7	2,148.7	2,249.2	6,135.7	2,350.0	2,450.0	2,600.0	2,750.0	2,900.0	3,050.0	3,200.0	25,435.7
Administered	-	1,740.0	2,140.0	2,240.0	6,120.0	2,340.0	2,440.0	2,590.0	2,740.0	2,890.0	3,040.0	3,190.0	25,350.0
Departmental	-6.9	4.7	8.7	9.2	15.7	10.0	10.0	10.0	10.0	10.0	10.0	10.0	85.7
Total	-6.9	-355.3	-101.3	-150.8	-614.3	-150.0	100.0	-	-	-	-	-	-664.3

(a) A positive number for the fiscal balance indicates an increase in revenue or 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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Combined impact of all components—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Receipts	-	-1,800.0	-2,250.0	-2,400.0	-6,450.0	-2,500.0	-2,350.0	-2,600.0	-2,750.0	-2,900.0	-3,050.0	-3,200.0	-25,800.0
Outlays	-6.9	1,744.7	2,148.7	2,249.2	6,135.7	2,350.0	2,450.0	2,600.0	2,750.0	2,900.0	3,050.0	3,200.0	25,435.7
Administered	-	1,740.0	2,140.0	2,240.0	6,120.0	2,340.0	2,440.0	2,590.0	2,740.0	2,890.0	3,040.0	3,190.0	25,350.0
Departmental	-6.9	4.7	8.7	9.2	15.7	10.0	10.0	10.0	10.0	10.0	10.0	10.0	85.7
Total	-6.9	-55.3	-101.3	-150.8	-314.3	-150.0	100.0	-	-	-	-	-	-364.3

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 1: Reinstatement loss carry back—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Revenue – Company tax	-	-50.0	-100.0	-150.0	-300.0	-150.0	100.0	..	..	-	-	-	-350.0
Expenses	-6.9	-5.3	-1.3	-0.8	-14.3	-	-	-	-	-	-	-	-14.3
<i>Departmental – ATO</i>	-4.1	-3.4	-1.3	-0.8	-9.6	-	-	-	-	-	-	-	-9.6
<i>Departmental – capital – ATO</i>	-2.8	-1.9	-	-	-4.7	-	-	-	-	-	-	-	-4.7
Total	-6.9	-55.3	-101.3	-150.8	-314.3	-150.0	100.0	-	-	-	-	-	-364.3

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A4: Component 2: Increase GST registration threshold–Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue – GST	-	-2,050.0	-2,150.0	-2,250.0	-6,450.0	-2,350.0	-2,450.0	-2,600.0	-2,750.0	-2,900.0	-3,050.0	-3,200.0	-25,750.0
Expenses	-	1,750.0	2,150.0	2,250.0	6,150.0	2,350.0	2,450.0	2,600.0	2,750.0	2,900.0	3,050.0	3,200.0	25,450.0
<i>Administered – GST</i>	-	<i>1,740.0</i>	<i>2,140.0</i>	<i>2,240.0</i>	6,120.0	<i>2,340.0</i>	<i>2,440.0</i>	<i>2,590.0</i>	<i>2,740.0</i>	<i>2,890.0</i>	<i>3,040.0</i>	<i>3,190.0</i>	25,350.0
<i>Departmental – ATO</i>	-	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	30.0	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	100.0
Total	-	-300.0	-	-	-300.0	-	-	-	-	-	-	-	-300.0

(a) A positive number for the fiscal balance indicates an increase in revenue or 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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 2: Increase GST registration threshold–Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Receipts – GST	-	-1,750.0	-2,150.0	-2,250.0	-6,150.0	-2,350.0	-2,450.0	-2,600.0	-2,750.0	-2,900.0	-3,050.0	-3,200.0	-25,450.0
Outlays	-	1,750.0	2,150.0	2,250.0	6,150.0	2,350.0	2,450.0	2,600.0	2,750.0	2,900.0	3,050.0	3,200.0	25,450.0
<i>Administered – GST</i>	-	<i>1,740.0</i>	<i>2,140.0</i>	<i>2,240.0</i>	6,120.0	<i>2,340.0</i>	<i>2,440.0</i>	<i>2,590.0</i>	<i>2,740.0</i>	<i>2,890.0</i>	<i>3,040.0</i>	<i>3,190.0</i>	25,350.0
<i>Departmental – ATO</i>	-	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	30.0	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	100.0
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Towards a Republic
Summary of proposal:	<p>This proposal has a number of components.</p> <p><u>Component 1: Participatory process</u></p> <ul style="list-style-type: none"> • Provide \$5 million over three calendar years for a participatory democracy process considering how Australia would become a republic. <p>Component 2: Republic plebiscite</p> <ul style="list-style-type: none"> • Replace the plebiscite announced in the Pre-election Economic and Fiscal Outlook (PEFO) measure '<i>Same Sex Marriage Plebiscite</i>' with a threshold plebiscite asking if Australia should become a republic. <p>Component 3: Republic Referendum</p> <ul style="list-style-type: none"> • A referendum to formally put a proposal for a constitutional change to the Australian people. To be held with the next general election, due in 2019. <p>The proposal would have effect from 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	10 June 2016
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$70.5 million over the 2016–17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$4.8 million and an increase in departmental expenses of \$65.7 million over this period.

A detailed breakdown of the financial implications over the period 2016-17 to 2019-20 for the total (Table A1) and by component (Tables A2-A4) is at [Attachment A](#).

Component 1 is considered to be of high reliability as the estimates are based on capped administered funding with departmental expenditure based on similar sized programs. Components 2 and 3 are considered to be of medium reliability as, while they are based on estimates from the Australian Electoral Commission (AEC), there is a degree of uncertainty to the cost of holding a referendum in concert with a general election.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-0.8	-1.7	-1.7	-66.3	-70.5
Underlying cash balance	-0.8	-1.7	-1.7	-66.3	-70.5

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- In completing this costing the PBO has assumed that the next general election would be held in the second half of 2019, following the expiry of the term of the next House of Representatives. An earlier election could result in a change in the timing of the cost of the proposed referendum to be held in conjunction with the next general election.

Methodology

Component 1

Departmental expense estimates are included within the capped funding amounts as specified in the request. These estimates are based on similar programs, accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expense estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenses.

Component 2

The expense estimates for the plebiscite are based on estimates for the *Same Sex Marriage Plebiscite* announced in the 2016-17 PEFO.

Component 3

The expense estimates for the referendum are based on AEC estimates of the cost of holding a referendum in concert with the 2016 election, grown by the relevant wage cost index.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

The AEC provided estimates of the cost of holding a referendum concurrently with a federal election.

Attachment A: Towards a republic—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-0.8	-1.6	-1.6	-0.8	-4.8
Departmental	..	-0.1	-0.1	-65.5	-65.7
Total	-0.8	-1.7	-1.7	-66.3	-70.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A2: Component 1: Participatory process—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-0.8	-1.6	-1.6	-0.8	-4.8
Departmental	..	-0.1	-0.1	..	-0.2
Total	-0.8	-1.7	-1.7	-0.8	-5.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A3: Component 2: Republic plebiscite—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Reverse <i>Same Sex Marriage Plebiscite</i>	160.0	-	-	-	160.0
Threshold plebiscite	-160.0	-	-	-	-160.0
Total	-	-	-	-	-

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 3: Republic Referendum—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-	-	-	-	-
Departmental	-	-	-	-65.4	-65.4
Total	-	-	-	-65.4	-65.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Managing Chronic Disease
Summary of proposal:	The proposal would develop risk profiles, template management plans, funding recommendations and administrative and reporting systems to support a new chronic disease management system involving enrolment with general practitioner (GP) practices and payments to doctors for ongoing management and care. The proposal would have effect from 1 July 2017.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016 http://greens.org.au/primary-care
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Additional information requested (including date):	On 29 July 2016 the Parliamentary Budget Office sought clarification on the start date of this proposal.
Additional information received (including date):	On 29 July 2016 the office of Senator Di Natale confirmed that this proposal would have effect from 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$11.9 million over the 2016-17 Budget forward estimates period. This entirely reflects an increase in departmental expenses.

The proposal would not have financial implications beyond the 2016-17 Budget forward estimates period as the program would terminate in 2018-19. The funding represents a one-off expense to develop a framework to support the implementation of an ongoing scheme for the management of chronic disease¹.

The costing is considered to be of low reliability due to the uncertainty of the scope of the proposed program.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-5.9	-5.9	-	-11.9
Underlying cash balance	-	-5.9	-5.9	-	-11.9

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

It was assumed that the proposal would take two years to complete.

Methodology

The departmental expenses associated with this proposal were calculated based on expected additional administrative activities required to implement the specified functions.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

1 The financial impact of the proposed ongoing scheme has been costed by the PBO in the following two caretaker period costings: GRN046 *Implementing Primary Health Care*, and GRN047 *Primary Health Networks – Funding*.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Harm Reduction in Health: Innovation Fund
Summary of proposal:	<p>The proposal would establish a Harm Reduction Innovation Fund (the Fund), committing \$10 million per annum over four years from 2016-17 to 2019-20.</p> <p>The Fund would foster the implementation of innovative harm reduction strategies in Australia by:</p> <ul style="list-style-type: none"> • prioritising investment in harm reduction measures that assist in building an evidence base for wider implementation of effective strategies • exploring and reviewing global harm reduction initiatives to keep up with international best practice, and restore our reputation as a leader in innovation in drug policy • ensuring initiatives are evaluated and have safety controls and ethical approvals. <p>Departmental expenses would be additional to the proposed annual spending commitments.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	18 May 2016 http://greens.org.au/harm-reduction
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$41.8 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$40.0 million and an increase in departmental expenses of \$1.8 million over this period.

The proposal would not have an impact beyond the forward estimates period as the proposal would terminate in 2019-20. Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-10.4	-10.5	-10.5	-10.5	-41.8
Underlying cash balance	-10.4	-10.5	-10.5	-10.5	-41.8

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that, despite the implementation date of 1 September 2016, \$10 million in grant funding would be delivered in 2016-17.

Methodology

Administered expenditure estimates for the Harm Reduction Innovation Fund are as specified in the request. Departmental expenditure estimates are based on other like initiatives and the net effect of indexation parameters and the efficiency dividend is accounted for, in accordance with the Department of Finance's costing practices.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Harm Reduction in Health: Innovation Fund —financial implications

Table A1: Harm Reduction in Health: Innovation Fund—Impact on fiscal and underlying cash balances^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Administered expenses	-10.0	-10.0	-10.0	-10.0	-40.0
Departmental expenses— Department of Health	-0.4	-0.5	-0.5	-0.5	-1.8
Total	-10.4	-10.5	-10.5	-10.5	-41.8

(a) A negative number indicates an increase in expenses in both accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Implementing Primary Health Care
Summary of proposal:	<p>The proposal would make a payment of \$1,000 per enrolled patient to doctors on an annual basis in return for enrolling patients who need ongoing management of a chronic disease condition. The payments would compensate the doctor for time spent managing, planning and coordinating the care of the patient including with allied health providers, and are conditional on benchmarks (set by the Department of Health (Health) and local Primary Health Networks) being met.</p> <p>The number of enrolled patients would be capped at one million patients per annum.</p> <p>The proposal would also phase out Medicare payments over two years by:</p> <ul style="list-style-type: none"> • Removing 50 per cent of chronic disease management items in the Medicare Benefits Schedule (MBS) in 2018-19 • Removing all chronic disease management items in 2019-20. <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016 http://greens.org.au/primary-care
Date costing request received:	29 June 2016
Date costing completed:	30 June 2016
Additional information requested:	On 29 June 2016 clarification was sought from the office of Senator Di Natale (the Office) as to the start date of the policy.

Additional information received:	On 29 June 2016 the Office advised that the proposal would commence on 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$1,057.7 million over the 2016-17 Budget forward estimates period. The impacts are due to an increase in administered expenses of \$1,044.4 million and an increase in departmental expenses of \$13.4 million.

The increase in administered expenses over the forward estimates reflects increased expenditure of \$2,700 million related to payments for enrolled patients partially offset by reduced expenditure of \$1,655.6 million resulting from the phasing out of MBS payments for the specified list of current chronic disease management items (refer to [Attachment A](#) for specified items).

This proposal would result in an ongoing annual improvement to the budget. In 2019-20 and each year thereafter the savings from removing items from the MBS would be greater than the cost of payments for enrolled patients and the associated departmental costs. A breakdown of the financial impact over the period 2016-17 to 2026-27 is provided at [Attachment B](#).

This costing is considered to be of medium reliability due to uncertainty surrounding the growth rate of the chronic disease management items being removed from 2018-19 under this proposal.

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

Impact on (\$m)	2016-17	2017-18	2018-19	2019-20	Total
Fiscal balance	-	-706.7	-471.0	120.0	-1,057.7
Underlying cash balance	-	-706.7	-471.0	120.0	-1,057.7

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

In costing the proposal, it has been assumed that:

- the chronic disease management items removed in 2018-19 would represent 50 per cent of the costs of all of the items specified to be removed from 2019-20 onwards. This is due to the uncertainty regarding which chronic disease management items would be removed in 2018-19, which is subject to consultation as specified in the proposal.
- 70 per cent of the capped one million patients with a chronic disease condition would enrol with doctors in the second half of 2017-18 and the remaining 30 per cent would enrol with doctors in 2018-19.

Methodology

Administered expenses

The costs of additional payments to doctors were derived by multiplying the specified number of enrolled patients with a chronic disease condition by the specified annual payments to doctors per enrolled patient (\$1,000).

The savings from reduced Medicare payments for chronic disease management items were calculated based on applying the appropriate growth rate (based on the historical trend in MBS benefits paid) to expenditure of these items in 2014-15.

Departmental expenses

The additional departmental expenses for the Department of Human Services (DHS) related to payments for enrolled patients were derived by multiplying the specified number of enrolled patients by the estimated processing cost per transaction with additional funding for the development of the payment system in 2016-17.

The savings in departmental costs for DHS were derived by multiplying the estimated number of services for MBS items that would be removed under this proposal by the estimated processing cost per transaction.

The departmental costs for Health were calculated based on similar sized programs¹.

Data sources

- The Department of Finance - indexation and efficiency dividend parameters.
- Medicare statistics,
http://medicarestatistics.humanservices.gov.au/statistics/mbs_item.jsp.
- Department of Human Services provided the 2016-17 Budget Funding Model on Unit Prices for National Policy Proposals.

¹ Departmental costs for Health to establish the framework for enrolling patients is included in the Parliamentary Budget Office's costing of GRN044 – Managing Chronic Disease.

Attachment A: List of current chronic disease management items being removed from 2018-19 under the proposal

- 10986 Health assessment kids check
- 701 Health assessment brief
- 703 Health assessment standard
- 705 Health assessment long
- 707 Health assessment prolonged
- 715 Health assessment ATSI
- 721 Chronic disease plan
- 723 Team care coordination
- 729 Contribution to team care (health)
- 731 Contribution to team care (aged)
- 732 Review of GP management plan

Attachment B: Implementing Primary Health Care—financial implications

Table B1: Implementing Primary Health Care—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
Payments for enrolled patients	-	-700.0	-1,000.0	-1,000.0	-2,700.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-9,700.0
Savings from removed MBS items	-	-	534.0	1,121.6	1,655.6	1,178.0	1,237.2	1,299.4	1,364.6	1,433.2	1,505.2	1,580.8	11,254.1
Total administered	-	-700.0	-466.0	121.6	-1,044.4	178.0	237.2	299.4	364.6	433.2	505.2	580.8	1,554.1
Departmental													
Payments for enrolled patients (DHS)	-	-5.8	-7.1	-7.1	-20.0	-7.2	-7.2	-7.3	-7.3	-7.4	-7.4	-7.4	-71.1
Savings from removed MBS items (DHS)	-	-	3.0	6.3	9.4	6.7	7.1	7.5	7.9	8.4	8.9	9.4	65.2
Health	-	-0.9	-0.9	-0.9	-2.7	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-9.2
Total departmental	-	-6.7	-5.0	-1.7	-13.4	-1.4	-1.0	-0.7	-0.3	0.1	0.5	1.0	-15.2
Total	-	-706.7	-471.0	120.0	-1,057.7	176.6	236.2	298.7	364.3	433.3	505.7	581.8	1,538.9

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Primary Health Networks - Funding
Summary of proposal:	<p>The proposal would provide a pool of funds to Primary Health Networks, equivalent to \$750 for each enrolled patient visiting allied health providers (such as physiotherapists, nutritionists, nurses and psychologists).</p> <p>The number of enrolled patients for whom funding would be provided would be capped at one million patients per annum.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016
Date costing request received:	29 June 2016
Date costing completed:	29 June 2016
Additional information requested:	On 29 June 2016 clarification was sought from the Office of Senator Di Natale (the Office) as to the start date of the policy.
Additional information received:	On 29 June 2016 the Office advised that the proposal would commence on 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$2,047.7 million over the 2016-17 Budget forward estimates period. These impacts are due to an increase in administered expenses of \$2,025.0 million and an increase in departmental expenses of \$22.7 million.

This proposal would have an ongoing effect beyond the forward estimates period and a breakdown of the financial impacts to 2026-27 is provided at [Attachment A](#).

This costing is considered to be of high reliability as the number of enrolled patients is specified and departmental expenses are based on similar activities.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-531.7	-758.0	-758.0	-2,047.7
Underlying cash balance	-	-531.7	-758.0	-758.0	-2,047.7

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

(b) Figures may not sum to totals due to rounding

Key assumptions

In costing the proposal, it has been assumed that 70 percent of the capped one million patients visiting allied health providers would enrol in the system in 2017-18 and the remaining 30 percent would enrol in 2018-19.

Methodology

The impact of this proposal on administered expenses was derived by multiplying the specified number of enrolled patients by the specified annual funding per patient (\$750).

The departmental expenses for the Department of Human Services (DHS) were derived by multiplying the estimated number of annually enrolled patients by the estimated processing cost per transaction (based on similar activities) with additional funding for the development of the payment system in 2017-18.

The departmental expenses for the Department of Health (Health) were calculated based on similar sized programs¹.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

The Department of Human Services provided the 2016-17 Budget Funding Model on Unit Prices for National Policy Proposals.

1 Departmental costs for Health to establish the framework for enrolling patients is included in the Parliamentary Budget Office's costing of GRN044 – Managing Chronic Disease.

Attachment A: Primary Health Networks – funding—financial implications

Table A1: Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-525.0	-750.0	-750.0	-2,025.0	-750.0	-750.0	-750.0	-750.0	-750.0	-750.0	-750.0	-7,275.0
Departmental													
<i>Departmental (DHS)</i>	-	-5.8	-7.1	-7.1	-20.0	-7.2	-7.2	-7.3	-7.3	-7.3	-7.4	-7.4	-71.1
<i>Departmental (Health)</i>	-	-0.9	-0.9	-0.9	-2.7	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-9.3
Total Departmental	-	-6.7	-8.0	-8.0	-22.7	-8.1	-8.1	-8.2	-8.2	-8.2	-8.3	-8.4	-80.4
Total	-	-531.7	-758.0	-758.0	-2,047.7	-758.1	-758.1	-758.2	-758.2	-758.2	-758.3	-758.4	-7,355.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	More Funding for Mental Health
<p>Summary of proposal:</p>	<p>The proposal contains a number of components:</p> <p><u>Component 1: National Institute for Mental Health Research</u></p> <p>This component would provide \$37.5 million per year to establish a National Institute for Mental Health.</p> <p><u>Component 2: National Suicide Prevention Campaign</u></p> <p>This component would provide \$9.6 million per year to establish a National Suicide Prevention Campaign and improve the collection of data.</p> <p><u>Component 3: Rural mental health workforce plan</u></p> <p>This component would provide:</p> <ul style="list-style-type: none"> • \$35 million per year to develop and implement a rural mental health workforce plan incorporating investment in hiring incentives, education, research and training • \$35 million per year for stepped prevention and recovery facilities and services, including step-up and step-down accommodation and short term residential care. <p><u>Component 4: Primary Health Networks</u></p> <p>This component would provide additional funding of \$100 million per year for the Primary Health Network (PHN) mental health flexible fund.</p> <p><u>Component 5: National Mental Health Consumers and Carers</u></p> <p>This component would provide \$6 million for the National Mental Health Consumer and Carer forum, the National Register, mental health consumer and carer representatives.</p>

	<p><u>Component 6: Insurance Discrimination</u></p> <p>This component would provide \$0.5 million to research and develop a plan to end insurance discrimination for those with a mental illness over the period 2016-17 and 2017-18.</p> <p><u>Component 7: Mental Health Nurse Program</u></p> <p>This component would:</p> <ul style="list-style-type: none"> • provide additional funding of \$70 million per year to the Mental Health Nurse Incentive Program (MHNIP). • ensure that although the MHNIP funding would be managed by the PHNs, it would be kept quarantined from the flexible funding pool until 2021. <p><u>Component 8: Children of Parents with a Mental Illness</u></p> <p>This component would restore full funding to ‘Children of Parents with a Mental Illness’ at the same rate as prior to the withdrawal of federal funding.</p> <p><u>Component 9: Mind Matters and KidsMatter</u></p> <p>This component would increase funding for the Mind Matters and Kids Matter programs by 50 per cent.</p> <p><u>Component 10: Better Access Initiative</u></p> <p>This component would reintroduce additional sessions in exceptional circumstances to the Better Access Initiative.</p> <p><u>Component 11: Targeted anti-stigma campaigns</u></p> <p>This component would provide \$10m per year for targeted mental illness anti-stigma campaigns</p> <p>The proposal would have effect from 1 September 2016. For the capped funding components of the request, departmental costs would be met from within the cap.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 May 2016 http://greens.org.au/mental-health
Date costing request received:	29 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$1,452.8 million and the underlying cash balance by \$1,449.9 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this reflects an increase in administered expenditure of \$1,376.5 million and departmental expenditure of \$76.3 million.

This proposal would have an ongoing impact beyond the 2016-17 Budget forward estimates period. Detailed financial implications are provided at [Attachment A](#).

The proposal has a different impact on the fiscal and underlying cash balances due to a lag between when services are provided and when payments are made under a range of programs.

This costing is considered to be of low reliability due to uncertainty of the expected uptake of non-capped components.

Components 1 to 7 and Component 11 provide capped funding amounts. The capped components of this costing are considered to be of high reliability as the amount of funding is fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-361.3	-362.6	-363.7	-365.2	-1,452.8
Underlying cash balance	-360.6	-361.9	-363.0	-364.4	-1,449.9

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that there would be a full year effect of the proposal in 2016-17 despite commencing on 1 September 2016.

Methodology

Departmental expenditure estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on similar sized programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered expenditure estimates for the funding for each component are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

For Component 7, the Department of Health advised that funding for the MHNIP was not incorporated into the flexible funding pool for mental health over the 2016-17 Budget forward estimates period.

Components 8 and 9 are based on costing models provided by the Department of Health.

Component 10 is costed based on the unit price and expected number of services under the Better Access Initiative from the 2011-12 Budget. The unit price and expected number of services have been projected using the relevant Department of Finance indexation and efficiency dividend parameters.

Data sources

The Department of Health provided costing models and materials related to:

- the KidsMatter program
- the Mind Matters program
- the Children of Parents with a Mental Illness program
- the Better Access Initiative
- the Mental Health Nurse Incentive Program.

The Department of Finance provided indexation and efficiency dividend parameters as at the 2016-17 Budget.

Attachment A: More Funding for Mental Health— financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-342.0	-343.4	-344.8	-346.2	-1,376.5
Departmental	-19.3	-19.2	-18.9	-18.9	-76.3
Total	-361.3	-362.6	-363.7	-365.2	-1,452.8
Underlying cash balance					
Administered	-341.3	-342.7	-344.1	-345.5	-1,373.6
Departmental	-19.3	-19.2	-18.9	-18.9	-76.3
Total	-360.6	-361.9	-363.0	-364.4	-1,449.9

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: National Institute for Mental Illness Research—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-36.4	-36.4	-36.4	-36.4	-145.7
Departmental	-1.1	-1.1	-1.1	-1.1	-4.3
Total	-37.5	-37.5	-37.5	-37.5	-150.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 2: National Suicide Prevention Campaign—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-9.1	-9.1	-9.1	-9.1	-36.4
Departmental	-0.5	-0.5	-0.5	-0.5	-1.9
Total	-9.6	-9.6	-9.6	-9.6	-38.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Rural mental health workforce plan—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Investment in education, research and training	-34.0	-34.0	-34.0	-34.0	-135.9
Prevention and recovery facilities	-34.0	-34.0	-34.0	-34.0	-135.9
Total - administered	-67.9	-67.9	-68.0	-68.0	-271.8
Departmental					
Investment in education, research and training	-1.0	-1.0	-1.0	-1.0	-4.1
Prevention and recovery facilities	-1.0	-1.0	-1.0	-1.0	-4.1
Total - departmental	-2.1	-2.1	-2.0	-2.0	-8.2
Total	-70.0	-70.0	-70.0	-70.0	-280.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A5: Component 4: Primary Health Networks—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-97.5	-97.5	-97.5	-97.5	-390.0
Departmental	-2.5	-2.5	-2.5	-2.5	-10.0
Total	-100.0	-100.0	-100.0	-100.0	-400.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A6: Component 5: National Mental Health Consumers and Carers—Financial implications(a)(b)

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-1.2	-1.2	-1.2	-1.2	-4.9
Departmental	-0.3	-0.3	-0.3	-0.3	-1.1
Total	-1.5	-1.5	-1.5	-1.5	-6.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A7: Component 6: Insurance Discrimination—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-	-	-	-	-
Departmental	-0.3	-0.3	-	-	-0.5
Total	-0.3	-0.3	-	-	-0.5

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A8: Component 7: Mental Health Nurse Program—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-68.0	-68.0	-68.0	-68.0	-271.9
Departmental	-2.0	-2.0	-2.0	-2.0	-8.1
Total	-70.0	-70.0	-70.0	-70.0	-280.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A9: Component 8: Children of Parents with a Mental Illness—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-1.4	-1.4	-1.5	-1.5	-5.8
Departmental	-0.1	-0.1	-0.1	-0.1	-0.3
Total	-1.5	-1.5	-1.5	-1.6	-6.1

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A10: Component 9: Mind Matters and KidsMatter—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Mind matters	-6.1	-6.1	-6.1	-6.1	-24.5
KidsMatter	-2.2	-2.2	-2.2	-2.2	-8.6
Total - administered	-8.3	-8.3	-8.3	-8.3	-33.1
Departmental					
Mind matters	-0.1	-0.1	-0.1	-0.1	-0.3
KidsMatter	-0.1	-0.1	-0.1	-0.1	-0.3
Total - departmental	-0.1	-0.1	-0.1	-0.1	-0.5
Total	-8.4	-8.4	-8.4	-8.4	-33.6

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A11: Component 10: Better Access Initiative—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-52.2	-53.5	-54.9	-56.2	-216.8
Departmental	-0.4	-0.4	-0.4	-0.4	-1.4
Total	-52.6	-53.9	-55.2	-56.6	-218.3
Underlying cash balance					
Administered	-51.5	-52.8	-54.1	-55.5	-213.9
Departmental	-0.4	-0.4	-0.4	-0.4	-1.4
Total	-51.9	-53.2	-54.5	-55.8	-215.4

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A12: Component 11: Targeted anti-stigma campaigns—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Departmental	-10.0	-10.0	-10.0	-10.0	-40.0
Total	-10.0	-10.0	-10.0	-10.0	-40.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Forests for our Future
Summary of proposal:	<p>The proposal would</p> <ul style="list-style-type: none"> • Provide \$25 million of capped funding for a comprehensive review of Regional Forest Agreements and native forest management, and to develop a transitional plan beyond the expiry of the current Regional Forest Agreements. <ul style="list-style-type: none"> – This review is to report by 2018, including the transitional plan and associated recommendations. • Commit \$20 million of capped funding over the 2016-17 Budget forward estimates period for research and development in the plantation forestry sector. • Commit \$3 million of capped funding to contribute to the establishment of a national farm forestry cooperative for farmers. <p>Departmental costs would be met from outside the capped funding.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	19 June 2016 http://greens.org.au/forests http://greens.org.au/sustainable-wood-products
Date costing request received:	29 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$49 million over the 2016-17 Budget forward estimates period. This impact is due an increase in administered expenses of \$20 million and an increase in departmental expenses of \$29 million over the 2016-17 Budget forward estimates period.

A breakdown of the financial implications is provided at [Attachment A](#).

This costing is considered to be of high reliability as it is based on specified capped amounts. However, no analysis has been undertaken on whether the funding provided would be sufficient to achieve the policy objectives of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-26.0	-23.0	-	-	-49.0
Underlying cash balance	-26.0	-23.0	-	-	-49.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

The review of Regional Forest Agreements would take one year to complete.

Despite the implementation date of 1 September 2016, \$10 million in funding for research and development in the plantation forestry sector would be delivered in 2016-17.

The expenditure profile for the capped funding amounts in this costing is as set out in the estimated financial implications of the proposal in the costing request.

Methodology

Administered expenditure estimates are as specified in the request.

Departmental expenses for the Research and Development in the plantation forestry sector are in addition to capped amounts as specified, and are based on other comparable initiatives. These estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Departmental expenses for the review of Regional Forest Agreements and the establishment of a national farm forestry cooperative reflect the capped funding amounts specified in the request.

Data source

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Forests for our Future—financial implications

Table A1: Forests for our Future—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Research and development in the plantation forestry sector	-10.0	-10.0	-	-	-20.0
Departmental					
Research and development in the plantation forestry sector	-0.5	-0.5	-	-	-1.0
Review of Regional Forest Agreements	-12.5	-12.5	-	-	-25.0
Establishment of a national farm forestry cooperative	-3.0	-	-	-	-3.0
Total - departmental	-16.0	-13.0	-	-	-29.0
Total	-26.0	-23.0	-	-	-49.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Seizing the Tourism Boom
Summary of proposal:	<p>The proposal has two components:</p> <p><u>Component 1</u>: establish a \$60 million grant fund over four years for regional tourism infrastructure funding.</p> <p><u>Component 2</u>: increase funding to Tourism Australia by \$40 million over four years for overseas marketing.</p> <p>Departmental costs would be met from within the funding cap for the proposal.</p> <p>The proposal would have effect on 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	9 June 2016
Date costing request received:	29 June 2016
Date costing completed	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$75.0 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$73.2 million and in departmental expenses of \$1.8 million.

The proposal would continue to have an impact in 2020-21 when the policy would terminate. A breakdown of the financial implications over the period 2016-17 to 2020-21 is provided at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative expenses based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-25.0	-25.0	-25.0	-75.0
Underlying cash balance	-	-25.0	-25.0	-25.0	-75.0

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

- Indicates nil.

Methodology

Departmental expenditure estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data source

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Seizing the Tourism Boom –financial implications

Table A1: Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Component 1 - grant fund for regional tourism infrastructure funding							
Administered	-	-14.4	-14.4	-14.4	-43.2	-14.4	-57.6
Departmental	-	-0.6	-0.6	-0.6	-1.8	-0.6	-2.4
Total Component 1		-15.0	-15.0	-15.0	-45.0	-15.0	-60.0
Component 2 - increase funding to Tourism Australia							
Administered	-	-10.0	-10.0	-10.0	-30.0	-10.0	-40.0
Departmental	-	-	-	-	-	-	-
Total Component 2		-10.0	-10.0	-10.0	-30.0	-10.0	-40.0
Total	-	-25.0	-25.0	-25.0	-75.0	-25.0	-100.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Reverse Cuts to Legal Aid Services
Summary of proposal:	The proposal would provide additional funding of \$883 million over the 2016-17 Budget forward estimates period to State and Territory governments for Legal Aid Commissions, Community Legal Centres and Environmental Defender's Offices. The proposal would have effect from 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	14 June 2016
Date costing request received:	29 June 2016
Date costing completed:	30 June 2016
Additional information requested (including date):	On 29 June 2016, the office of Senator Di Natale (the office) was contacted to clarify the amount of capped funding which would be provided and the period over which funding would be provided.
Additional information received (including date):	On 30 June 2016, the office confirmed that funding would be \$883.0 million over the 2016-17 Budget forward estimates only.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$883.0 million over the 2016-17 Budget forward estimates period. This is entirely due to an increase in administered expenses. This proposal would not be expected to have an impact on departmental expenses as it represents an increase in funding under a National Partnership Agreement.

This proposal would not have an ongoing impact beyond the 2016-17 Budget forward estimates period as it terminates in 2019-20.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-220.8	-220.8	-220.8	-220.8	-883.0
Underlying cash balance	-220.8	-220.8	-220.8	-220.8	-883.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that the full 2016-17 allocation of funding would be expended over the remaining 10 months of 2016-17 from 1 September 2016.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	A National Biosecurity Authority
Summary of proposal:	<p>The proposal contains four components:</p> <p><u>Component 1: National biosecurity</u></p> <p>This component would implement the recommendations of the 2008 Beale review to:</p> <ul style="list-style-type: none"> • establish an independent expert panel – the National Biosecurity Commission (recommendations 12-15) • establish a regulatory agency – the National Biosecurity Authority (recommendations 16-22). <p><u>Component 2: Environmental biosecurity measures</u></p> <p>This component would provide resourcing to implement the recommendations of the Senate Inquiry into Environmental Biosecurity with:</p> <ul style="list-style-type: none"> • additional resourcing for recommendations 2-5, 14, 18, 24 and 26, which involve the Commonwealth working with the states and territories to adjust the biosecurity regulatory framework • additional resourcing for Commonwealth agencies to implement recommendations 1, 6, 8-13, 15-17, 19-22, which largely involve reviewing specific aspects of existing systems • the Department of Agriculture and Water Resources (DAWR) to undertake more regular ship inspections targeted at biofouling and improve surveillance of freshwater fish imports to implement recommendation 23. <p><u>Component 3: Invasive species</u></p> <p>This component would provide funding:</p> <ul style="list-style-type: none"> • for the Centre for Invasive Species Solutions as recommended by the current Animal Cooperative Research Centre from 1 July 2017 to 30 June 2021.

	<ul style="list-style-type: none"> to establish, and for ongoing operation of, Environmental Health Australia, in line with proposals by the Invasive Species Council of \$8 million over four years to develop an invasive species target and plan, and a separate plan to reduce the risks from exotic pests to work through the Council of Australian Governments (COAG) to limit the movement of potentially damaging exotic species. <p><u>Component 4: National strategy to protect islands from biosecurity risks</u></p> <p>This component would provide \$5 million a year in funding (ongoing) for a national strategy to protect islands from biosecurity risks.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	22 June 2016 http://greens.org.au/sites/greens.org.au/files/20160622%20Biosecurity%20initiative.pdf
Date costing request received:	29 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$185.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenditure of \$115.6 million and \$69.5 million in departmental expenditure.

The financial impact of this proposal includes a number of components, only some of which would be expected to have impacts beyond the 2016-17 Budget forward estimates period. Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of medium reliability as there is some uncertainty over the size and scope of some of the functions that would be undertaken or funded by the Commonwealth.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-62.4	-61.4	-61.4	-185.2
Underlying cash balance	-	-62.4	-61.4	-61.4	-185.2

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Key assumptions

In costing this proposal it has been assumed that the:

- secretariat support for the National Biosecurity Commission would be provided by the new National Biosecurity Authority
- costs for the new National Biosecurity Authority would be partially offset by funding for existing activities to be transferred to the authority from DAWR
- development of plans and strategies would take two years to complete.

Methodology

Component 1: National biosecurity

Departmental expenditure for the establishment of a National Biosecurity Commission and National Biosecurity Authority were based on existing commissions and authorities of a similar size and scope.

Component 2: Environmental biosecurity measures

Administered expenditure includes an allocation for ongoing surveillance and inspection functions.

Departmental expenditure includes an ongoing allocation for review of cargo surveillance measures and private agriculture import regulations.

Components 3 and 4: Invasive species, and National strategy to protect islands from biosecurity risks

Capped elements of the component are as specified to develop an invasive species target and plan, and a plan to reduce the risks of exotic pests and a national strategy to protect islands from biosecurity risk.

The establishment and ongoing management of a Centre for Invasive Species Solutions and Environment Health Australia are based on like establishments of a similar size and scope. Funding for these bodies is treated as an administered grant from government to the new bodies consistent with the treatment of funding provided to similar existing bodies.

All departmental expenditure estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- DAWR:
 - Portfolio Budget and Additional Estimates Statements (various)
 - Annual reports (various)
 - Contract listings (various).
- Department of Environment:
 - Portfolio Budget and Additional Estimates Statements (various)
 - Annual reports (various)
 - Contract listings (various).
- Environmental Biosecurity, Senate Environment and Communications References Committee, May 2015.
- Invasive Animals Cooperative Research Centre – Annual Report (various).
- One Biosecurity: a working partnership, Beale et al, 30 September 2008.
- Plant Health Australia - Annual reports (various).
- Remuneration Tribunal - Determination 2015/02: Remuneration and Allowances for Holders of Part-Time Public Office.
- The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: A coordinated approach to biosecurity—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-39.1	-38.0	-38.5	-115.6	-39.0	-39.5	-20.8	-21.1	-21.4	-21.8	-22.1	-301.3
Departmental	-	-23.3	-23.3	-22.9	-69.5	-23.0	-21.0	-21.1	-21.2	-21.2	-21.3	-21.3	-219.7
Total	-	-62.4	-61.4	-61.4	-185.2	-62.0	-60.5	-41.9	-42.3	-42.7	-43.1	-43.5	-521.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A2: Component 1: National biosecurity—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Departmental													
National Biosecurity Commission	-	-0.5	-0.5	-0.5	-1.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-5.6
National Biosecurity Authority	-	-8.2	-8.1	-8.1	-24.4	-8.2	-8.2	-8.3	-8.4	-8.4	-8.5	-8.5	-83.0
Total - departmental	-	-8.7	-8.7	-8.7	-26.1	-8.7	-8.8	-8.9	-8.9	-9.0	-9.0	-9.1	-88.5
Total	-	-8.7	-8.7	-8.7	-26.1	-8.7	-8.8	-8.9	-8.9	-9.0	-9.0	-9.1	-88.5

(a) A negative number for the underlying cash and fiscal balances indicates an increase in expenditure. Impacts on the fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A3: Component 2: Environmental biosecurity measures—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-2.7	-1.3	-1.3	-5.3	-1.4	-1.5	-1.6	-1.7	-1.8	-2.0	-2.1	-17.5
Departmental	-	-6.2	-6.2	-6.2	-18.5	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-62.3
Total	-	-8.9	-7.4	-7.6	-23.9	-7.7	-7.8	-7.9	-8.0	-8.1	-8.2	-8.3	-79.8

(a) A negative number for the underlying cash and fiscal balances indicates an increase in expenditure. Impacts on the fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A4: Component 3: Invasive species—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered													
Centre for Invasive Species Solutions	-	-18.2	-18.4	-18.6	-55.2	-18.8	-19.0	-	-	-	-	-	-92.9
Environmental Health Australia	-	-18.2	-18.4	-18.6	-55.2	-18.8	-19.0	-19.2	-19.4	-19.6	-19.8	-20.0	-190.9
Total - administered	-	-36.4	-36.8	-37.2	-110.3	-37.6	-38.0	-19.2	-19.4	-19.6	-19.8	-20.0	-283.8
Departmental													
Centre for Invasive Species Solutions	-	-0.5	-0.5	-0.5	-1.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-4.9
Environmental Health Australia	-	-0.5	-0.5	-0.5	-1.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-4.9
Invasive species and exotic pest plans	-	-2.0	-2.0	-2.0	-6.0	-2.0	-	-	-	-	-	-	-8.0
Work through COAG	-	-0.5	-0.5	-	-1.0	-	-	-	-	-	-	-	-1.0
Total - departmental	-	-3.5	-3.5	-3.0	-9.9	-3.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-18.9
Total	-	-39.9	-40.2	-40.1	-120.2	-40.5	-38.9	-20.2	-20.4	-20.6	-20.8	-21.0	-302.7

(a) A negative number for the underlying cash and fiscal balances indicates an increase in expenditure. Impacts on the fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A5: Component 4: National strategy to protect islands from biosecurity risks —Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Departmental	-	-5.0	-5.0	-5.0	-15.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-50.0
Total	-	-5.0	-5.0	-5.0	-15.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-50.0

(a) A negative number for the underlying cash and fiscal balances indicates an increase in expenditure. Impacts on the fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Foreign Aid: Honouring our UN Commitments
Summary of proposal:	<p>The proposal would increase Australia's Official Development Assistance (ODA) to 0.7 per cent of Gross National Income (GNI) by 31 December 2025.</p> <p>The proposal would have effect from 1 September 2016 and funding increases would occur on a linear basis over the period.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	16 June 2016
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$7,972.5 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in expenses, consisting of an increase in administered funding of \$7,573.9 million and an increase of departmental funding of \$398.6 million.

This proposal would have an ongoing impact that extends beyond the forward estimates, and the financial impact to 2026-27 is provided at [Attachment A](#).

This costing is considered to be of medium reliability as the proposed level of funding is based on future levels of GNI and actual outcomes may differ from current estimates. The reliability of the costing decreases the further into the future the estimates are projected.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-395.5	-1,400.5	-2,488.3	-3,688.2	-7,972.5
Underlying cash balance	-395.5	-1,400.5	-2,488.3	-3,688.2	-7,972.5

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- Departmental costs are equal to five per cent of the change in total ODA funding and would contribute towards the ODA total funding target (consistent with current arrangements).
- The start date of 1 September 2016 would have no impact on the provision of additional funding in 2016-17.

Methodology

The ODA to GNI ratios required to reach 0.7 per cent of GNI by 2025-26 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 in the costing request.

Baseline ODA estimates reflect advice from the Department of Foreign Affairs and Trade (DFAT) on estimated ODA spending over 2016-17 to 2019-20. For the period beyond the forward estimates, the Parliamentary Budget Office has indexed baseline ODA spending by the Consumer Price Index consistent with current government policy.

The baseline ODA estimates were subtracted from the new estimated ODA level to obtain the impact of this proposal. The departmental costs were based on the change in total ODA funding.

Data sources

DFAT provided ODA estimates over 2016-17 to 2019-20.

Attachment A: Foreign Aid: Honouring our UN Commitments — financial implications

Table A1: Foreign Aid: Honouring our UN Commitments—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-375.7	-1,330.5	-2,363.9	-3,503.8	-7,573.9	-4,784.1	-6,192.7	-7,747.3	-9,441.3	-11,270.4	-13,266.0	-14,098.6	-74,374.2
Departmental	-19.8	-70.0	-124.4	-184.4	-398.6	-251.8	-325.9	-407.8	-496.9	-593.2	-698.2	-742.0	-3,914.4
Total	-395.5	-1,400.5	-2,488.3	-3,688.2	-7,972.5	-5,035.9	-6,518.6	-8,155.0	-9,938.3	-11,863.6	-13,964.2	-14,840.6	-78,288.7

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Empowering and supporting Aboriginal and Torres Strait Islander peoples
Summary of proposal:	<p>The proposal is comprised of four components.</p> <p><u>Component 1: Sovereignty and Treaty</u></p> <p>This component would provide grants of \$15 million (not including administration costs) per year over two years to Aboriginal and Torres Strait Islander (ATSI) individuals, organisations and communities, for projects to advance the conversation on sovereignty and treaty.</p> <p><u>Component 2: Implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)</u></p> <ul style="list-style-type: none"> • This component would support the domestic implementation of the UNDRIP, through: <ul style="list-style-type: none"> – A comprehensive National Action Plan to provide a roadmap for implementing the UNDRIP into Australian law and policy making – \$20 million in grants over the forward estimates, for non-government organisations to facilitate participation in the National Action Plan, and help raise community awareness. <p><u>Component 3: Offset Coalition Cuts</u></p> <ul style="list-style-type: none"> • This component would provide additional funding to offset Coalition cuts, including: <ul style="list-style-type: none"> – \$15 million over four years for the National Congress of Australia’s First Peoples starting in 2017-18 (excluding departmental costs) – \$556 million over four years (excluding departmental costs) in additional funding for the Indigenous Advancement Strategy.

	<p><u>Component 4: Implement <i>Blueprint for Change</i></u></p> <ul style="list-style-type: none"> • This component would implement key recommendations from the Change the Record Campaign’s Blueprint for Change, specifically: <ul style="list-style-type: none"> – Funding the public service to develop a national, whole of government strategy to address imprisonment and violence rates – A national target, based on a national agreement and sub-targets (to be agreed with states and territories, with funding as required for negotiations) – Funding for the Department of the Prime Minister and Cabinet (PM&C) to work with Commonwealth and state and territory agencies to improve data collection on ATSI incarceration – Funding for an independent review of laws, policies and strategies aimed at and related to ATSI improvement and violence rates, underpinned by a human rights approach – \$40 million in grants funding over four years (\$10 million per year starting in 2017-18, capped excluding departmental costs) for projects to help reduce the rate of incarceration. <p>The intended date of implementation of this proposal is 1 September 2016, unless otherwise specified above.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	29 May 2016 http://greens.org.au/atsi
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$790.6 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$655.5 million and an increase in departmental expenses of \$135.1 million over this period.

The proposal would not have an ongoing financial impact beyond the 2016-17 Budget forward estimates period except for the proposed \$10 million per year in grants funding under component 4 (implement *Blueprint for Change*) in 2020-21.

Detailed financial implications of this proposal, including details about each component, are provided at [Attachment A](#).

The departmental expense estimates in this costing are considered to be of high reliability as they are based on the costs of similar programs.

The administered expense estimates in this costing are considered to be of high reliability as the amounts are as specified in the request. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-194.5	-210.0	-194.5	-191.4	-790.6
Underlying cash balance	-194.5	-210.0	-194.5	-191.4	-790.6

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that the implementation of the *Blueprint for Change* strategy would be undertaken over a three year period.

Methodology

Administered expense estimates for programs are as specified in the request. Departmental expense estimates are based on other like programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters in the 2016 Pre-Election Economic and Fiscal Outlook.
- Budget 2014-15, Budget Paper No.2.

Attachment A: Empowering and supporting Aboriginal and Torres Strait Islander peoples – financial implications

Table A1: Empowering and supporting ATSI peoples—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-160.5	-175.5	-160.5	-159.0	-655.5
Departmental	-34.0	-34.5	-34.0	-32.4	-135.1
Total	-194.5	-210.0	-194.5	-191.4	-790.6

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Sovereignty and treaty—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-15.0	-15.0	-	-	-30.0
Departmental	-0.5	-0.5	-	-	-1.0
Total	-15.5	-15.5	-	-	-31.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Implement the UNDRIP—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-5.0	-5.0	-5.0	-5.0	-20.0
Departmental	-0.3	-0.3	-0.3	-0.3	-1.3
Total	-5.3	-5.3	-5.3	-5.3	-21.3

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Offset Coalition cuts—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered expense	-139.0	-144.0	-144.0	-144.0	-571.0
<i>National Congress of Australia's First Peoples</i>	-	-5.0	-5.0	-5.0	-15.0
<i>Indigenous Advancement Strategy</i>	-139.0	-139.0	-139.0	-139.0	-556.0
Departmental expense	-32.0	-32.0	-32.0	-32.0	-128.0
<i>Indigenous Advancement Strategy</i>	-32.0	-32.0	-32.0	-32.0	-128.0
Total	-171.0	-176.0	-176.0	-176.0	-699.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 4: Implement *Blueprint for Change*—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered expense	-1.5	-11.5	-11.5	-10.0	-34.5
<i>Independent review of laws, policies and strategies</i>	-1.5	-1.5	-1.5	-	-4.5
<i>Grants for projects to help reduce incarceration rate</i>	-	-10.0	-10.0	-10.0	-30.0
Departmental expense	-1.2	-1.7	-1.7	-0.1	-4.9
<i>Whole of Government strategy, negotiations for a national target, improved data collection – PM&C</i>	-1.2	-1.6	-1.6	-	-4.5
<i>Grants for projects to help reduce incarceration rate – PM&C</i>	-	-0.1	-0.1	-0.1	-0.4
Total	-2.7	-13.3	-13.3	-10.1	-39.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Sustainable Research Excellence Grants
Summary of proposal:	<p>The proposal would lift the funds available to the Sustainable Research Excellence (SRE) grant program to a level where the combined amount from the SRE and the Research Infrastructure Block Grants (RIBG) is equal to 50 per cent of the total amount of competitive research grants awarded.</p> <p>The proposal would take effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 May 2016 http://greens.org.au/research
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$1,430.4 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in administered expenses. The proposal would not have an impact beyond the 2016-17 Budget forward estimates period as the proposed funding increase would terminate in 2019-20.

The proposal would not be expected to involve additional departmental expenses, as the proposal relates to increasing existing payments under an existing program.

This costing is considered to be of high reliability as it is based on a specified increase in administered expenses.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-311.0	-373.1	-373.1	-373.1	-1,430.4
Underlying cash balance	-311.0	-373.1	-373.1	-373.1	-1,430.4

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that the first year impact would reflect the remainder of 2016-17 from 1 September 2016.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Supporting our Australian Videogames Industry
Summary of proposal:	<p>The proposal has three components that would provide support for Australia’s videogames industry by:</p> <p><u>Component 1: Reinstating the Australian Interactive Games Fund (AIGF)</u></p> <ul style="list-style-type: none">reinstating the AIGF with \$20 million of funding, and include within this a special stream to foster female involvement in the industry <p><u>Component 2: Extending access to the Producer Tax Offset</u></p> <ul style="list-style-type: none">extending access to the Producer Tax Offset to game producers at 40 per cent of eligible expenditure <p><u>Component 3: Establishing shared working spaces</u></p> <ul style="list-style-type: none">providing \$5 million to establish shared working spaces for developers and publishers. <p>Components 1 and 3 would have effect from 1 July 2017, component 2 would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Di Natale, Australian Greens
Date of public release of policy:	28 June 2016 http://greensmps.org.au/content/media-releases/1up-greens-announce-initiative-invest-videogames-industry
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$194 million and decrease the underlying cash balance by \$149 million over the 2016-17 Budget forward estimates period. This impact wholly reflects an increase in expenses. A detailed breakdown of the impact of this proposal is presented at [Attachment A](#).

The underlying cash balance impact of these proposals differs from the fiscal balance impact because of a timing difference between when videogame productions become eligible to receive the Offset and when the Offset is paid through lodgement of an income tax return to the Australian Taxation Office.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period for impacts on the Producer Tax Offset only.

Departmental expenses arising from reinstating the AIGF and establishing shared work spaces are not expected to be significant and have not been included in this costing. Departmental expenses arising from extending the Producer Tax Offset to videogame producers have been estimated at \$1 million per annum.

The Producer Tax Offset component of this costing is considered to be of low reliability due to a lack of historical data and uncertainty surrounding behavioural assumptions.

The AIGF and support for shared workspaces components of this costing are considered to be of high reliability as the amounts of funding are fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-36.0	-53.0	-53.0	-52.0	-194.0
Underlying cash balance	-1.0	-48.0	-48.0	-52.0	-149.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions regarding this proposal:

Extend the Producer Tax Offset to videogames

- All expenditure made in Australia by videogame producers will be eligible for the Offset.
- The value of qualifying expenditure on videogame production is assumed to grow at the same rate as the consumer price index.
- Offset amounts are assumed to be claimed by companies in the year following the completion of production.
- A behavioural response to the proposal is assumed to increase the amount of qualifying expenditure on videogame production. This response is based on the effective fall in production costs as a result of this proposal.
- It has been assumed that the Producer Tax Offset for videogames will be administered in a similar way to the current Producer Tax Offset for feature films.

Methodology

Increased expenditure on the Producer Tax Offset was calculated by applying the proposed rate to estimated expenditure on videogame production in Australia, adjusted to take into account the behavioural response.

AIGF funding is equal to the amount specified in the request, divided equally from the start date of the policy to the end of the forward estimates period. The funding for shared workspaces is a one-off impact in the first year of the proposal.

Producer Tax Offset estimates are rounded to the nearest \$5 million; AIGF funding and funding for shared work spaces are rounded to the nearest \$1 million.

Data sources

Australian Bureau of Statistics, 8679 – Film, Television and Digital Games 2011-12.

Attachment A: Supporting our Australian Videogames Industry—financial implications

The following tables provide a breakdown of the estimated financial impacts of the proposal over the forward estimates period on an underlying cash and fiscal balance basis.

Table A1: Supporting our Australian Videogames Industry—Fiscal balance^{(a)(b)}

Impact arising from (\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<i>Expenses</i>					
Administered	-35.0	-52.0	-52.0	-51.0	-190.0
<i>Reinstating the AIGF</i>	-	-7.0	-7.0	-6.0	-20.0
<i>Extending the Producer Tax Offset</i>	-35.0	-40.0	-45.0	-45.0	-165.0
<i>Establishing shared working spaces</i>	-	-5.0	-	-	-5.0
Departmental	-1.0	-1.0	-1.0	-1.0	-4.0
<i>Extending the Producer Tax Offset</i>	-1.0	-1.0	-1.0	-1.0	-4.0
Total	-36.0	-53.0	-53.0	-52.0	-194.0

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

(b) Figures may not sum to totals due to rounding.

Table A2: Supporting our Australian Videogames Industry—Underlying cash balance^{(a)(b)}

Impact arising from (\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<i>Outlays</i>					
Administered	-	-47.0	-47.0	-51.0	-145.0
<i>Reinstating the AIGF</i>	-	-7.0	-7.0	-6.0	-20.0
<i>Extending the Producer Tax Offset</i>	-	-35.0	-40.0	-45.0	-120.0
<i>Establishing shared working spaces</i>	-	-5.0	-	-	-5.0
Departmental	-1.0	-1.0	-1.0	-1.0	-4.0
<i>Extending the Producer Tax Offset</i>	-1.0	-1.0	-1.0	-1.0	-4.0
Total	-1.0	-48.0	-48.0	-52.0	-149.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Independent Office of Animal Welfare
Summary of proposal:	<p>The proposal would establish an independent Office of Animal Welfare (the Office) to provide independent and expert advice to government about animal welfare issues; to promote and oversee animal welfare; to investigate complaints; and work to harmonise and improve animal welfare laws across Australia.</p> <p>Funding for the Office would be offset by an annual reduction of \$1 million for existing animal welfare funding within the Department of Agriculture and Water Resources (DAWR).</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 May 2016 http://greens.org.au/animal-welfare
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$6.2 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in departmental expenses.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period consistent with the level of the impact in 2019-20.

Detailed financial implications are provided at [Attachment A](#).

This costing is considered to be of medium reliability due to the uncertain nature of the size and function of the new office.

The PBO has made no judgement if existing activities within DAWR could still be completed due to this reduction of departmental expenditure.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1.8	-1.5	-1.5	-1.5	-6.2
Underlying cash balance	-1.8	-1.5	-1.5	-1.5	-6.2

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

(b) Figures may not sum to totals due to rounding.

Methodology

The cost of the establishment and operation of the Office was based on the costs of the establishment of a similar small independent office, the Asbestos Safety and Eradication Agency in the 2013-14 Budget. This included accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costings, and the part-year effect of the proposal.

The impact of the proposal was derived as the difference between the cost of the Office and the reduction in DAWR departmental funding.

Data sources

Budget 2013-14, Budget Paper No. 2

Attachment A: Independent Office of Animal Welfare— financial implications

Table A1: Independent Office of Animal Welfare—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental expenses					
<i>Establishment of the Office</i>	-0.5	-	-	-	-0.5
<i>Ongoing funding for the Office</i>	-2.1	-2.5	-2.5	-2.5	-9.5
<i>Reduced DAWR funding</i>	0.8	1.0	1.0	1.0	3.8
Total	-1.8	-1.5	-1.5	-1.5	-6.2

(a) A negative number for the fiscal and underlying cash balances indicates an increase in expenditure. A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	A Royal Commission into Children in Detention
Summary of proposal:	The proposal would establish a Royal Commission into the mandatory detention of children seeking asylum in Australia The Royal Commission would commence on 1 July 2017 and run for 12 months.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	20 June 2016 http://greens.org.au/news/sa/world-refugee-day-greens-push-royal-commission-children-detention
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease both the fiscal and underlying cash balances by \$61.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$58.0 million and an increase in departmental expenses of \$3.2 million.

This costing is considered to be of low reliability. Given that the terms of reference for the proposed Royal Commission are yet to be determined, the size and scope of the proposed commission relative to those used to inform the costing is uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-61.2	-	-	-61.2
Underlying cash balance	-	-61.2	-	-	-61.2

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

(b) Figures may not sum to totals due to rounding.

Methodology

Estimates for the administered and departmental expenses associated with the proposal were estimated by averaging the highest full year operating costs of each of the Royal Commission into Trade Union Governance and Corruption and the Royal Commission into Institutional Responses to Child Sexual Abuse.

Data sources

The Attorney-General's Department provided actual expenditure and expenditure estimates for the Royal Commission into Trade Union Governance and Corruption over 2013-14 to 2015-16 and the Royal Commission into Institutional Responses to Child Sexual Abuse over 2012-13 to 2017-18.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Helping Older Australians
Summary of proposal:	<p>The proposal has a number of components aimed at improving support for older Australians.</p> <p>Details for each component are at Attachment A.</p> <p>The proposal would commence in the 2016-17 financial year.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	<p>21 June 2016</p> <p>http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-support-older-australians; http://greens.org.au/olderaustralians.</p> <p>Palliative care component announced 27 May 2016</p> <p>http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-palliative-care-package-ensure-support-when-it-matters-most.</p>
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$486.8 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$472.9 million and an increase in departmental expenses of \$13.9 million over this period. A detailed breakdown of the financial implications for the 2016-17 Budget forward estimates period is at [Attachment B](#).

The component of the proposal related to increasing access to Stream B of *jobactive* would have ongoing financial implications beyond the 2016-17 Budget forward estimates period, with the impact to the budget being a decrease in both the fiscal and underlying cash balances of around \$120 million per year. All other components of the proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates period as they would terminate on 30 June 2020.

The costing is considered to be of medium to high reliability. The components of the proposal which have specified capped funding amounts are of high reliability. A small proportion of the financial impact relates to stakeholder and inter-jurisdiction policy development. The estimated departmental costs for these components are of medium reliability. The estimates relating to the *jobactive* demand driven administered expenditure estimates are of medium reliability as they involve a degree of uncertainty regarding changes in job seeker numbers.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-55.8	-107.5	-151.5	-172.1	-486.8
Underlying cash balance	-55.8	-107.5	-151.5	-172.1	-486.8

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The Parliamentary Budget Office (PBO) has not undertaken any analysis of whether or not the capped funding amounts are adequate to achieve the activities outlined.
- In costing the *jobactive* component, the number and age distribution of the job seekers in various support services of the *jobactive* program is assumed to remain unchanged.

Methodology

A number of components and sub-components of this proposal are for specified capped funding amounts. In relation to these items the PBO has determined, based on the description of the activities to be funded, whether the capped costs would be administered or departmental.

The demand driven administered expenditure estimates of component 2 were calculated using a *jobactive* costing model. Estimates reflect the increase in *jobactive* program costs from jobseekers moving to Stream B assistance from lower levels of assistance. There would be no departmental costs associated with this component as there would be no additional administrative burden as a result of these changes.

Departmental costs are based on similar activities and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- Labour Market and Related Payments March 2016 from the Department of Social Services.
- The jobactive costing model as from the Department of Employment.
- Department of Finance provided indexation parameters.

Attachment A: Helping Older Australians—proposal detail

The proposal includes seven components to improve support for older Australians:

- Component 1: Provide \$5 million over three years (2017-18 to 2019-20) for a national mature age worker strategy.
- Component 2: Allow individuals aged 45 and over who are currently eligible for lower levels of jobactive support to volunteer for Stream B from 1 July 2017.
- Component 3: Work across jurisdictions through the Council of Australian Governments (COAG) to remove any remaining legal barriers to mature age workers.
- Component 4: Provide \$4 million over two years (2016-17 and 2017-18) to develop a national aged care workforce strategy.
- Component 5: Provide additional funding and support for dementia commencing 1 September 2016, with funding to be spread over four years:
 - \$4.0 million for a National Dementia strategy
 - \$5.2 million for Dementia Friendly Communities
 - \$8.0 million for a Dementia Risk Reduction program
 - \$6.0 million for a Timely Diagnostic Initiative
 - \$20.0 million for Post Diagnostic Dementia Services and Supports
 - \$64.0 million for High Quality Ongoing Care and Support
 - \$8.8 million for End-of-Life Care
 - \$20.8 million for research.
- Component 6: Develop a national plan to work towards full consumer directed care as recommended by the Productivity Commission through consultation between public service agencies, peak bodies and sector stakeholders, commencing 1 September 2016.
- Component 7: Provide additional funding for palliative care, with funding to be spread over four years.
 - Provide \$15 million per year to states and territories for palliative care.
 - Develop a nationally consistent model legislation for advanced care planning through COAG.
 - Provide capped funding of \$5 million (including departmental costs) to Palliative Care Australia to develop a model for a National Cooperative for Palliative and End of Life Care.
 - Provide capped funding of \$10 million (including departmental costs) for a national awareness campaign.
 - Provide \$1 million in capped funding (including departmental costs) for research projects.

Attachment B: Helping Older Australians— financial implications

Table A1: Helping Older Australians—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-52.1	-102.7	-148.7	-169.3	-472.9
<i>Departmental</i>	-3.7	-4.8	-2.8	-2.8	-13.9
Total	-55.8	-107.5	-151.5	-172.1	-486.8

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Provide \$5 million over three years (2017-18 to 2019-20) for a national mature age worker strategy^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-	-1.7	-1.7	-1.7	-5.0
Total	-	-1.7	-1.7	-1.7	-5.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Table A3: Component 2: Allow individuals aged 45 and over who are currently eligible for lower levels of *jobactive* support to volunteer for Stream B support from 1 July 2017^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-50.6	-96.6	-117.2	-264.4
<i>Departmental</i>	-	-	-	-	-
Total	-	-50.6	-96.6	-117.2	-264.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Table A4: Component 3: Work across jurisdictions through the Council of Australian Governments (COAG) to remove any remaining legal barriers to mature age workers^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-0.2	-	-	-	-0.2
Total	-0.2	-	-	-	-0.2

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Table A5: Component 4: Provide \$4 million over two years (2016-17 and 2017-18) to develop a national aged care workforce strategy^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-2.0	-2.0	-	-	-4.0
Total	-2.0	-2.0	-	-	-4.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Table A6: Component 5: Provide additional funding and support for dementia^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-33.2	-33.2	-33.2	-33.2	-132.8
<i>Departmental</i>	-1.0	-1.0	-1.0	-1.0	-4.0
Total	-34.2	-34.2	-34.2	-34.2	-136.8

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A7: Component 6: Develop a national plan to work towards full consumer directed care as recommended by the Productivity Commission^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-0.2	-	-	-	-0.2
Total	-0.2	-	-	-	-0.2

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Table A8: Component 7: Palliative care^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-18.9	-18.9	-18.9	-18.9	-75.7
<i>Departmental</i>	-0.3	-0.1	-0.1	-0.1	-0.5
Total	-19.2	-19.0	-19.0	-19.0	-76.2

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Saving the Reef
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1 - Develop world-class water quality monitoring and reporting</u></p> <p>This component would provide \$15 million over four years (2016-17 to 2019-20) to the Great Barrier Reef Marine Park Authority (GBRMPA) to invest in robust, property-level water quality monitoring and reporting.</p> <p><u>Component 2 - Strengthen our Reef guardians and scientists</u></p> <p>This component would provide additional funding of \$80 million over four years (2016-17 to 2019-20) to GBRMPA to help the Reef deal with the impacts of global warming and coral bleaching, reduce local pressures like water pollution, coastal development and fishing, and to invest in research to reduce those local pressures.</p> <p><u>Component 3 - Stop illegal fishing and poaching in the protected “Green Zones”</u></p> <p>This component would provide \$5 million over four years (2016-17 to 2019-20) in grant funding for Vessel Monitoring Systems (VMS) for commercial fishing vessels.</p> <p><u>Component 4 - Reef Water Quality Program</u></p> <p>This component would provide additional grant funding of \$225 million over five years (2016-17 to 2020-21) under the Reef Water Quality Program to assist farmers to transition to more sustainable practices in relation to water quality pollution (would be administered by the Department of the Environment).</p> <p><u>Component 5 - Loan facility</u></p> <p>This component would establish a \$1,200 million concessional loan facility over five years (2016-17 to 2020-21) to help farmers transition to low-pollution farming methods. The expected loan terms would be 10 years and the loan provision would be \$240 million per annum. The facility would help highly leveraged farmers who may be at their credit limit to borrow money.</p>

	GBRMPA would supervise this facility, but would draw on the expertise of the CEFC in project management and financing work. The loans would be made at the cost of government borrowing. The proposal would have effect from 1 September 2016
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	9 June 2016
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would decrease the fiscal balance by \$456.8 million, the underlying cash balance by \$293.4 million and the headline cash balance by \$1,013.4 million over the 2016-17 Budget forward estimates period.

The proposal would have an impact that extends beyond the forward estimates. A breakdown of the financial implications for each component over the period 2016-17 to 2026-27 has been provided at [Attachment A](#). Further, while all components of the proposal would be fully committed by 30 June 2020-21, the concessional loan facility would continue to operate in order to receive loan repayments and interest payments.

The *Methodology* section provides information on how the impacts on each budget balance were calculated. As the proposal impacts on financial asset transactions the impact on Public Debt Interest (PDI) payments have been included in this costing.

This costing is considered to be of overall low reliability. While the grant components are considered to be of high reliability as they are based on specified capped amounts, there is considerable uncertainty around the concessional loan facility in relation to the timing and take up of the concessional loans. The reliability of the costing decreases the further into the future the estimates are projected.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-125.7	-118.1	-110.6	-102.4	-456.8
Underlying cash balance	-69.2	-71.2	-72.7	-80.2	-293.4
Headline cash balance	-285.2	-263.2	-240.7	-224.2	-1,013.4

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

(b) Figures may not sum to totals due to rounding.

Key assumption

The full allocation of funding and loans would be provided over the 10 months of 2016-17 from the commencement date of 1 September 2016.

Methodology

Component 1 - Develop world-class water quality monitoring and reporting / Component 2 - Strengthen our Reef guardians and scientists

Departmental expenditure estimates for both components are as specified in the request.

Component 3 - Stop illegal fishing and poaching in the protected “Green Zones” / Component 4 - Reef Water Quality Program

Administered expenditure estimates for the grants are as specified in the request.

Departmental expenditure estimates are based on other like programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Component 5 - Concessional loan facility

The Parliamentary Budget Office (PBO) projected the gross cost of establishing the loan facility by applying concessional loan discount and interest calculations, based on the Department of Finance Accounting for Concessional Loans policy guides (see *Data sources*), to the \$240 million of loans that would be issued each year over five years.

The fiscal balance impact for each year is derived as follows:

- the departmental costs (negative impact)
- interest revenue that accrues (positive impact)
- the concessional loan discount expense (negative impact)
- the unwinding of the concessional loan discount expense (positive impact)
- the PDI/financing cost (negative impact).

The underlying cash balance impact for each year is derived as follows:

- the departmental costs (*negative impact*)
- interest receipts received by the Government from loan recipients (*positive impact*)
- the PDI/financing cost (*negative impact*).

The headline cash balance impact for each year is derived as follows:

- the departmental costs (*negative impact*)
- the loan principal advanced under the financing facility (*negative impact*)
- interest receipts received by the Government from loan recipients (*positive impact*)
- loan repayments (*positive impact*)
- the PDI/financing cost (*negative impact*).

The impact on departmental expenses for GBRMPA was based on departmental funding provided under the Northern Australia Infrastructure Facility, adjusted for the scale of the concessional loan facility.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters.
- Department of Finance, Accounting Policy Guides – RMG 115 – Accounting for concessional loans – <http://www.finance.gov.au/resource-management/reporting-accounting/accounting-guidance/>

Attachment A: Saving the Reef—financial implications

Table A1: Financial implications (outturn prices)—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Expenses													
<u>Component 1 - Develop world-class water quality monitoring and reporting</u>													
Departmental	-3.8	-3.8	-3.8	-3.8	-15.0	-	-	-	-	-	-	-	-15.0
<u>Component 2 - Strengthen our reef guardians and scientists</u>													
Departmental	-20.0	-20.0	-20.0	-20.0	-80.0	-	-	-	-	-	-	-	-80.0
<u>Component 3 - Stop illegal fishing and poaching in the protected “Green Zones”</u>													
Administered	-1.2	-1.2	-1.2	-1.2	-4.8	-	-	-	-	-	-	-	-4.8
Departmental	-0.1	-0.1	-0.1	-0.1	-0.2	-	-	-	-	-	-	-	-0.2
<u>Component 4 - Reef Water Quality Program</u>													
Administered	-43.4	-43.4	-43.4	-43.4	-173.7	-43.4	-	-	-	-	-	-	-217.1
Departmental	-1.6	-1.6	-1.6	-1.6	-6.3	-1.6	-	-	-	-	-	-	-7.9
<u>Component 5 - Concessional loan facility</u>													
Administered: Concessional loan discount	-66.9	-67.1	-67.5	-58.1	-259.6	-52.8	-	-	-	-	-	-	-312.3
Departmental	-2.3	-3.0	-3.0	-3.0	-11.3	-3.1	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-33.2
Total expenses	-139.1	-140.1	-140.5	-131.2	-550.9	-100.8	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-670.6

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue^(c) (Related to component 5)													
Unwinding loan discount	10.7	20.7	30.0	37.1	98.4	42.5	38.6	34.4	29.7	24.6	18.9	12.7	299.7
Interest received	6.6	12.6	17.8	24.7	61.7	32.2	28.3	24.4	20.5	16.6	12.7	8.8	204.9
Total revenue	17.3	33.3	47.8	61.8	160.1	74.6	66.9	58.7	50.2	41.1	31.6	21.5	504.6
Other													
Public debt interest ^(d)	-3.9	-11.3	-17.9	-33.0	-66.1	-46.6	-53.3	-52.5	-50.5	-47.5	-43.9	-42.5	-402.7
Total	-125.7	-118.1	-110.6	-102.4	-456.8	-72.8	10.5	3.1	-3.4	-9.5	-15.5	-24.2	-568.7

(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.

(b) Figures may not sum to totals due to rounding.

(c) Amounts relate to the loan facility component.

(d) Relates to all components.

- Indicates nil.

Table A2: Financial implications (outturn prices) - Underling cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Expenses													
<u>Component 1 - Develop world-class water quality monitoring and reporting</u>													
Departmental	-3.8	-3.8	-3.8	-3.8	-15.0	-	-	-	-	-	-	-	-15.0
<u>Component 2 - Strengthen our reef guardians and scientists</u>													
Departmental	-20.0	-20.0	-20.0	-20.0	-80.0	-	-	-	-	-	-	-	-80.0
<u>Component 3 - Stop illegal fishing and poaching in the protected “Green Zones”</u>													
Administered	-1.2	-1.2	-1.2	-1.2	-4.8	-	-	-	-	-	-	-	-4.8
Departmental	-0.1	-0.1	-0.1	-0.1	-0.2	-	-	-	-	-	-	-	-0.2
<u>Component 4 - Reef Water Quality Program</u>													
Administered	-43.4	-43.4	-43.4	-43.4	-173.7	-43.4	-	-	-	-	-	-	-217.1
Departmental	-1.6	-1.6	-1.6	-1.6	-6.3	-1.6	-	-	-	-	-	-	-7.9
<u>Component 5 - Concessional loan facility</u>													
Departmental	-2.3	-3.0	-3.0	-3.0	-11.3	-3.1	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-33.2
Total expenses	-72.3	-73.0	-73.0	-73.0	-291.3	-48.1	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-358.2
Revenue^(c) (Related to component 5)													
Interest received	6.6	12.6	17.8	24.7	61.7	32.2	28.3	24.4	20.5	16.6	12.7	8.8	204.9
Other													
Public debt interest ^(d)	-3.6	-10.8	-17.4	-31.9	-63.8	-45.6	-52.8	-52.5	-50.6	-47.7	-44.2	-42.6	-399.8
Total	-69.2	-71.2	-72.7	-80.2	-293.4	-61.5	-27.6	-31.3	-33.3	-34.3	-34.7	-37.0	-553.1

- (a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in outlays or net capital investment in cash terms. A negative number for the fiscal balance indicates a decrease in receipts or an increase in outlays or net capital investment in cash terms.
 - (b) Figures may not sum to totals due to rounding.
 - (c) Amounts relate to the loan facility component.
 - (d) Relates to all components.
- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Protecting Our Precious Places
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Taskforce to create a new Environment Act</u></p> <p>This component would provide \$2 million in 2016-17.</p> <p><u>Component 2: Establish a new independent National Environment Protection Authority (NEPA)</u></p> <ul style="list-style-type: none"> • This component would provide \$130 million per year. All funds from Department of the Environment Program 1.5 would be transferred to the new NEPA. Any shortfall would be covered by new funding. <p><u>Component 3: Restore Biodiversity Fund</u></p> <ul style="list-style-type: none"> • This component would provide \$2 billion in funding over six years, with \$1 billion to be injected immediately and \$1 billion invested in the first year beyond the 2016-17 Budget forward estimates period. <p><u>Component 4: Threatened species – habitat mapping</u></p> <ul style="list-style-type: none"> • This component would provide \$30 million per year for three years for comprehensive studies to identify and map important habitat, bioregional planning and other matters. <p><u>Component 5: Threatened species – listing, recovery plans and research</u></p> <ul style="list-style-type: none"> • This component would provide \$10 million per year to: <ul style="list-style-type: none"> – support the rapid listing of all species and ecological communities which belong on the threatened list – develop and resource the implementation of recovery plans and threat abatement plans for listed species and ecological communities – fund additional research. <p><u>Component 6: Reform Federal Court system</u></p> <ul style="list-style-type: none"> • This component would provide \$2 million over four years to allow better access to justice.

	<p><u>Component 7: World Heritage Areas (WHAs) and Ramsar Convention review</u></p> <ul style="list-style-type: none"> This component would provide the NEPA with additional funding of: <ul style="list-style-type: none"> \$3 million in 2016-17 for a review of WHAs \$20 million per year for three years from 2017-18 to implement results of the review to improve protection of heritage values. <p><u>Component 8: Yellow Crazy Ant eradication</u></p> <ul style="list-style-type: none"> This component would provide funding over 10 years to the Wet Tropics Management Authority (WTMA) to deliver Yellow Crazy Ant eradication programs. <ul style="list-style-type: none"> The funding would be \$5.0 million per year for three years (2016-17 to 2018-19) and \$2.5 million per year for the following seven years, with the latter 7 years to be matched by the Queensland State Government. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	<p>5 June 2016 http://greens.org.au/wildlife</p> <p>23 June 2016 http://greens.org.au/news/qld/greens-commit-full-funding-eradicate-yellow-crazy-ants-while-other-parties-make-half</p>
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would decrease both the fiscal and underlying cash balances by \$1,523.2 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$1,024.1 million and an increase in departmental expenses of \$499.1 million over this period.

The proposal would have an ongoing impact that extends beyond the forward estimates period. Detailed financial implications for the proposal, and by component, are provided at Attachment A.

This costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1,120.8	-142.3	-146.0	-114.1	-1,523.2
Underlying cash balance	-1,120.8	-142.3	-146.0	-114.1	-1,523.2

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

Key assumptions

It is assumed that components would receive a full year of funding in 2016-17.

Methodology

Administered expenditure estimates for component 3 (Restore Biodiversity Fund) and component 5 (Threatened species – listing, recovery plans and research) are as specified in the request.

Departmental expenditure estimates (where not specified in the request) are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

- The Department of Finance provided indexation parameters.
- The Treasury provided Consumer Price Index projections.
- The Department of the Environment confirmed that Program 1.5 would be ongoing beyond 2019-20.

Attachment A: Protecting our Precious Places—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-997.1	-9.8	-9.8	-7.3	-1,024.1	-994.6	-7.3	-7.3	-7.3	-7.3	-7.3	-4.8	-2,060.2
Departmental	-123.7	-132.4	-136.1	-106.8	-499.1	-101.5	-91.3	-94.0	-96.7	-99.5	-102.3	-105.3	-1,189.6
Total	-1,120.8	-142.3	-146.0	-114.1	-1,523.2	-1,096.1	-98.7	-101.3	-104.0	-106.8	-109.7	-110.1	-3,249.8

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

Table A2: Component 1: Taskforce to create a new Environment Act—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-2.0	-	-	-	-2.0
Total	-2.0	-	-	-	-2.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A3: Component 2: Establish independent NEPA—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Departmental	-70.3	-76.8	-80.5	-81.1	-308.7	-83.6	-86.2	-88.8	-91.5	-94.3	-97.2	-100.1	-950.3
Total	-70.3	-76.8	-80.5	-81.1	-308.7	-83.6	-86.2	-88.8	-91.5	-94.3	-97.2	-100.1	-950.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

Table A4: Component 3: Restore Biodiversity Fund—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-987.3	-	-	-	-987.3	-987.3	-	-	-	-	-	-	-1,974.6
Departmental	-12.7	-	-	-	-12.7	-12.7	-	-	-	-	-	-	-25.4
Total	-1,000.0	-	-	-	-1,000.0	-1,000.0	-	-	-	-	-	-	-2,000.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A5: Component 4: Threatened species - habitat mapping—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-30.0	-30.0	-30.0	-	-90.0
Total	-30.0	-30.0	-30.0	-	-90.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A6: Component 5: Threatened species - listing, recovery plans and research—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-4.8	-4.8	-4.8	-4.8	-19.3	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-53.1
Departmental	-5.2	-5.2	-5.2	-5.2	-20.7	-5.2	-5.2	-5.2	-5.2	-5.2	-5.2	-5.2	-56.9
Total	-10.0	-10.0	-10.0	-10.0	-40.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-110.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

Table A7: Component 6: Reform Federal Court system—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-0.5	-0.5	-0.5	-0.5	-2.0
Total	-0.5	-0.5	-0.5	-0.5	-2.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

Table A8: Component 7: World Heritage Areas and Ramsar Convention review—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-3.0	-20.0	-20.0	-20.0	-63.0
Total	-3.0	-20.0	-20.0	-20.0	-63.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.

Table A9: Component 8: Yellow Crazy Ant eradication—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-5.0	-5.0	-5.0	-2.5	-17.5
Total	-5.0	-5.0	-5.0	-2.5	-17.5

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to total due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Energy Storage Revolution
Summary of proposal:	<p>The proposal has four components.</p> <p><u>Component 1: Refundable tax credit</u></p> <ul style="list-style-type: none"> • This component would introduce a 50 per cent refundable tax credit for individuals to assist with the cost of household solar energy storage systems. <ul style="list-style-type: none"> – The credit would apply regardless of income and would be capped at \$5,000 in the 2016-17 financial year, declining to \$1,000 from 1 July 2020. – A separate mechanism would be available so that those who do not lodge a tax return could claim the tax credit. <p><u>Component 2: Low Income Solar Storage (LISS) grants</u></p> <ul style="list-style-type: none"> • This component would introduce a Low Income Solar Storage (LISS) grant to be administered by the Clean Energy Regulator (CER). <ul style="list-style-type: none"> – The LISS grant would be available in addition to the refundable tax credit for households with adjusted taxable income of less than \$80,000 per year. – In the 2016-17 financial year, the LISS grant would be capped at \$5,000 or half of the total cost of the system, whichever is lower. – This would gradually decline to be \$1,000 from 1 July 2020. The number of LISS grants would be capped at 20,000 per year. <p><u>Component 3: Review by the CER</u></p> <ul style="list-style-type: none"> • This component would fund CER to review the operation of the tax credit and LISS grand scheme and advise Parliament as to whether the scheme should continue in some form beyond 2020.

	<p><u>Component 4: Business battery storage depreciation</u></p> <ul style="list-style-type: none"> This component would decrease the period over which the cost of installing battery storage systems at business premises is depreciated from 15 to three years. <p>The following table provides the proposed maximum refundable tax credit and LISS grant amounts in each year under the proposal:</p> <table border="1"> <thead> <tr> <th></th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> <th>2019-20</th> <th>2020-21</th> </tr> </thead> <tbody> <tr> <td>Tax credit</td> <td>\$5,000</td> <td>\$4,000</td> <td>\$3,000</td> <td>\$2,000</td> <td>\$1,000</td> </tr> <tr> <td>LISS grant</td> <td>\$5,000</td> <td>\$4,000</td> <td>\$3,000</td> <td>\$2,000</td> <td>\$1,000</td> </tr> </tbody> </table> <p>The proposal would have effect from 1 September 2016 and would cease after 31 December 2020.</p>		2016-17	2017-18	2018-19	2019-20	2020-21	Tax credit	\$5,000	\$4,000	\$3,000	\$2,000	\$1,000	LISS grant	\$5,000	\$4,000	\$3,000	\$2,000	\$1,000
	2016-17	2017-18	2018-19	2019-20	2020-21														
Tax credit	\$5,000	\$4,000	\$3,000	\$2,000	\$1,000														
LISS grant	\$5,000	\$4,000	\$3,000	\$2,000	\$1,000														
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens																		
Date of public release of policy:	5 May 2016 http://greens.org.au/batteries																		
Date costing request received:	30 June 2016																		
Date costing completed:	30 June 2016																		
Expiry date for the costing:	Release of the next economic and fiscal outlook report																		

Costing overview

The proposal would be expected to decrease the fiscal balance by \$3,588 million and decrease the underlying cash balance by \$2,868 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, this reflects a decrease in revenue of \$54 million and an increase in expenses of \$3,534 million. Detailed financial implications of the proposal to 2022-23 are provided at [Attachment A](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact due to the timing of the refundable tax credit payments. The fiscal balance impact of the refundable tax credit occurs in the year in which the qualifying solar energy storage system purchase is made. The underlying cash balance impact occurs when the tax return or separate application for a tax credit is processed.

Departmental expenses for components 1, 2 and 3 have been estimated based on the cost of administering and reviewing similar tax credit and grant programs in the past. Departmental expenses for component 4 are not expected to be significant and have not been included in this costing.

The proposal would have a significantly reduced impact beyond the 2016-17 Budget forward estimates period.

- The household components of the proposal (components 1 to 3) would continue to have financial implications on an underlying cash basis in the 2021-22 financial year as tax credit claims are paid. The tax credit and LISS grants would not be claimable for installations from 1 January 2021.
- The business component (component 4) would have an ongoing positive impact from 2022-23 as changes in depreciation policy have an impact on the timing, but not on the total amount, of depreciation deductions over the full life cycle of the asset – the decrease in revenue seen in the forward estimates period would reverse over the course of the current 15 year depreciation time scale.

This costing is considered to be of very low reliability. It relies on a number of assumptions, and variations in assumptions may lead to a significant change in the estimated financial impact.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-538.0	-1,087.0	-1,180.0	-783.0	-3,588.0
Underlying cash balance	-108.0	-527.0	-1,070.0	-1,163.0	-2,868.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Household components

- The estimated total number of household installations in each year of the proposal has been based on the Australian Energy Market Operator report titled 2015 Emerging Technologies Information Paper, and the growth trajectory of installations of photovoltaic cell systems between 1 January 2009 and 31 December 2013, as reported by the Australian Photovoltaic Institute.
- For the purpose of converting the aggregate capacity reported in the 2015 Emerging Technologies Information Paper into the number of installations, it is assumed that the average capacity of an installation will be 10 kilowatt hours, and this average capacity will remain constant over the five year period.
- There is assumed to be no difference in the average cost or capacity of household solar energy storage system installations between those eligible for LISS grants and those ineligible for such grants.

- It is assumed that all LISS grants available (20,000 in each financial year from 2016-17 to 2020-21) would be claimed and paid in each financial year.
- This has been based on the incomes of households with solar photovoltaic cells in 2012, as well as the expected out of pocket cost of a solar storage system after accounting for the tax credit and the LISS grant.
- Tax credits are assumed to be claimed for all installations from 1 September 2016 to 31 December 2020, inclusive. All tax credits are assumed to be claimed and paid in the financial year immediately following the financial year of installation.
- The average cost of a household solar energy system installation is assumed to be \$10,000 in 2016-17. This average cost is assumed to decrease over time in a linear manner, reaching \$5,000 from 1 July 2020.

Business component

- The estimated total number of business battery installations in each year of the proposal is proportional to the number of business photovoltaic solar panel installations in each year, which has been based on the Green Energy Markets report titled *Small-scale technology certificates – Data modelling for 2015 to 2017*.
- This costing assumes two types of behavioural response for business battery installations:
 - First, 10 per cent of businesses that choose to install a new photovoltaic system will also invest in battery storage.
 - Second, an additional 10 per cent of businesses will install a photovoltaic and battery storage system in response to the proposal, where previously they would not have invested in a photovoltaic system.
 - This results in battery storage activity equivalent to 20 per cent of the current photovoltaic installation rate.
- The costing assumes that businesses that currently have a photovoltaic system installed do not install battery storage as the cost of retro-fitting existing infrastructure is prohibitive.

All components

- Assets are assumed to be purchased evenly throughout the year.

Methodology

Household components

- The number of household installations was estimated for each financial year. The assumed average cost of installations (and thus the average tax credit) was then applied to the number of installations to derive the cost of refundable tax credits in each financial year.
- The cost of the LISS grants program was estimated by multiplying the number of grants available in each year by the maximum value of the grant in the relevant year.

Business component

- The number of business photovoltaic installations was estimated for each year, and a proportion of these systems was assumed to include battery storage. The period for depreciating these battery assets was reduced from 15 years to three, with businesses claiming depreciation expenses over three years rather than the current 15 years.

All components

- Departmental expenses for the administration and review of the program have been estimated based on the cost of administering and reviewing similar tax credit and grant programs in the past.
- The costing takes into account the timing of payments and revenue.
- Estimates of administered expenses have been rounded to the nearest \$10 million. Estimates of departmental expenses and revenue have been rounded to the nearest \$1 million.

Data sources

- 2015 Emerging Technologies Information Paper, Australian Energy Market Operator.
- Australian PV installations since April 2001: total capacity (kW), Australian Photovoltaic Institute.
- 4670.0 – Household Energy Consumption Survey, 2012, Australian Bureau of Statistics.
- Small-scale technology certificates – Data modelling for 2015 to 2017, Green Energy Markets.
- Energy storage study, AECOM.
- Emerging technologies information paper, Australian Energy Market Operator.
- Global trends in clean energy investment, Bloomberg New Energy Finance.

Attachment A: Energy Storage Revolution —financial implications

Table A1: Combined impact of all components—Financial implications—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022-23
Impact on fiscal balance									
Revenue	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0
Expenses	-533.0	-1,073.0	-1,163.0	-765.0	-3,534.0	-185.0	-1.0	-	-3,720.0
<i>Administered</i>	<i>-530.0</i>	<i>-1,070.0</i>	<i>-1,160.0</i>	<i>-760.0</i>	<i>-3,520.0</i>	<i>-180.0</i>	-	-	<i>-3,700.0</i>
<i>Departmental</i>	<i>-3.0</i>	<i>-3.0</i>	<i>-3.0</i>	<i>-5.0</i>	<i>-14.0</i>	<i>-5.0</i>	<i>-1.0</i>	-	<i>-20.0</i>
Total	-538.0	-1,087.0	-1,180.0	-783.0	-3,588.0	-200.0	-6.0	3.0	-3,791.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A2: Combined impact of all components— Financial implications — Underlying cash balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on underlying cash balance									
Revenue	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0
Expenses	-103.0	-513.0	-1,053.0	-1,145.0	-2,814.0	-745.0	-161.0	-	-3,720.0
<i>Administered expenses</i>	-100.0	-510.0	-1,050.0	-1,140.0	-2,800.0	-740.0	-160.0	-	-3,700.0
<i>Departmental expenses</i>	-3.0	-3.0	-3.0	-5.0	-14.0	-5.0	-1.0	-	-20.0
Total	-108.0	-527.0	-1,070.0	-1,163.0	-2,868.0	-760.0	-166.0	3.0	-3,791.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A3: Component 1: Refundable tax credits — Financial implications — Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on fiscal balance									
<i>Administered expenses</i>	-430.0	-990.0	-1,100.0	-720.0	-3,240.0	-160.0	-	-	-3,400.0
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-	-6.0
Total	-431.0	-991.0	-1,101.0	-721.0	-3,244.0	-161.0	-1.0	-	-3,406.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil

Table A4: Component 1: Refundable tax credits — Financial implications — Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on underlying cash balance									
<i>Administered expenses</i>	-	-430.0	-990.0	-1,100.0	-2,520.0	-720.0	-160.0	-	-3,400.0
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-	-6.0
Total	-1.0	-431.0	-991.0	-1,101.0	-2,524.0	-721.0	-161.0	-	-3,406.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil

Table A5: Component 2: Low Income Solar Storage grants — Financial implications — Fiscal balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on fiscal balance									
<i>Administered expenses</i>	-100.0	-80.0	-60.0	-40.0	-280.0	-20.0	-	-	-300.0
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-	-	-5.0
Total	-101.0	-81.0	-61.0	-41.0	-284.0	-21.0	-	-	-305.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil

Table A6: Component 2: Low Income Solar Storage grants — Financial implications — Underlying cash balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on underlying cash balance									
<i>Administered expenses</i>	-100.0	-80.0	-60.0	-40.0	-280.0	-20.0	-	-	-300.0
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0	-	-	-5.0
Total	-101.0	-81.0	-61.0	-41.0	-284.0	-21.0	-	-	-305.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A7: Component 3: Review by the Clean Energy Regulator — Financial implications — Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on fiscal balance									
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-3.0	-6.0	-3.0	-	-	-9.0
Total	-1.0	-1.0	-1.0	-3.0	-6.0	-3.0	-	-	-9.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil

Table A8: Component 3: Review by the Clean Energy Regulator — Financial implications — Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on underlying cash balance									
<i>Departmental expenses</i>	-1.0	-1.0	-1.0	-3.0	-6.0	-3.0	-	-	-9.0
Total	-1.0	-1.0	-1.0	-3.0	-6.0	-3.0	-	-	-9.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A9: Component 4: Business battery storage depreciation — Financial implications — Fiscal balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on fiscal balance									
Revenue	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0
Total	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil

Table A10: Component 4: Business battery storage depreciation — Financial implications — Underlying cash balance ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Impact on underlying cash balance									
Revenue	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0
Total	-5.0	-14.0	-17.0	-18.0	-54.0	-15.0	-5.0	3.0	-71.0

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

(b) Figures may not sum to total due to rounding.

- Indicates nil



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	National Green Buildings Plan
<p>Summary of proposal:</p>	<p>The proposal would establish a national green buildings plan to reach a national target of 100 per cent zero carbon buildings by 2040. The proposal contains the following components:</p> <p><u>Component 1: Environmental Upgrade Agreements (EUAs)</u></p> <p>This component would pay \$5.00 per tonne of abatement achieved through Environmental Upgrade Agreements (EUAs) to local councils for signing agreements with commercial building owners. The payment would occur over the 10 year life of the projects.</p> <p><u>Component 2: Clean Energy Finance Cooperation (CEFC)</u></p> <p>This component would establish a new \$100.0 million annual loan facility through the CEFC for large scale retrofit of commercial buildings with a focus on mid-tier commercial buildings (small and medium business) from within the existing CEFC loan facility.</p> <p><u>Component 3: Grant funding for new buildings</u></p> <p>This component would provide \$50.0 million annual grant funding for new buildings to achieve ‘world leadership’ 6 Star Green Star certification or an equivalent rating.</p> <p><u>Component 4: Grant funding for new green roofs and walls</u></p> <p>This component would provide \$10.0 million annual grant funding for a new green roofs and walls program. This component would also introduce the requirement for any buildings receiving government funding to include green walls and roofs.</p>

	<p><u>Component 5: National Construction Code</u></p> <p>This component would review and upgrade the National Construction Code (the Code) relating to energy performance standards with a trajectory to net zero emissions by 2040. This component would also amend the Code to include end-of-trip facilities for bicycle users.</p> <p>Departmental expenditure required to implement the proposal would be in addition to the capped amounts specified.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$258.4 million over the 2016-17 Budget forward estimates period. This impact is due to an increase of \$249.7 million in administered expenses and \$8.7 million in departmental expenses.

The proposal would have an impact beyond the 2016-17 Budget forward estimates period. The disaggregated financial impacts for the total (Table A1) and Components 1, 3 and 4 of the proposal (Tables A2-A4) over the period 2016-17 to 2026-27 are provided at [Attachment A](#).

Component 1 of this costing is considered to be of very low reliability as it relies on assumptions about the growth of EUA schemes and the scalability of an existing scheme to reflect a national level rollout. Components 2 to 4 of this costing are considered to be of high reliability as they are based on specified capped amounts and the application of administrative costs based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-64.0	-64.7	-64.8	-64.8	-258.4
Underlying cash balance	-64.0	-64.7	-64.8	-64.8	-258.4

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal, the following assumptions have been made:

- For Component 1, current and projected City of Melbourne EUAs are representative of opportunities across Australia.
- For Component 2, there would be a change to the mandate for the CEFC that would specify that \$100.0 million of annual loans coming from within existing CEFC equity would be directed to the specified purpose, with the dividends from this redirection being at the same level as the overall dividend performance of the current CEFC investments (therefore, this component would have no effect on the budget bottom line).
- Components 3 to 4 would be administered by the Department of the Environment.
- While Components 3 to 4 commence on 1 September 2016, the full amount of funding could be delivered in 2016-17.
- The introduction of a new requirement for new buildings receiving government funding to include green walls or roofs would not have a material impact on the cost of existing programs or program administration.
- For Component 5, the review and upgrade of the Code represent the core responsibility of the Australian Building Codes Board, and the cost would be met from within the existing resources.

Methodology

For Component 1, the abatement achieved from City of Melbourne EUAs per dollar invested was scaled up to reflect the potential level of abatement across Victoria using data for the level of expected state-wide investment. The estimated abatement for Victoria was then scaled to the national level using Australian Bureau of Statistics population data.

Departmental costs are consistent with analogous programs. The \$5.00 per tonne of abatement has been indexed by the Consumer Price Index from 2017-18. The 2016-17 estimates account for the 1 September 2016 start date.

For Components 3 to 4, administered expenditure is as specified in the request. Departmental expenditure estimates are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

Australian Bureau of Statistics (Cat no. 3101.0) *Australian Demographic Statistics*, June 2015.

Estimates of projected EUA investments across Victoria and specifically in the City of Melbourne were sourced from the Eastern Alliance for Greenhouse Action at <https://eaga.com.au/wp-content/uploads/EUA-Finance-for-the-Regions-Summary-Report-2013-12-02.pdf>.

Estimates and projections of projects, costs and abatement for the City of Melbourne were sourced from the Sustainable Melbourne Fund at <http://sustainablemelbournefund.com.au/services/environmental-upgrade-agreements/>.

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: National Green Buildings Plan—financial implications

Table A1: National Green Buildings Plan – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances – expenses/payments													
Administered	-61.9	-62.6	-62.6	-62.7	-249.7	-62.7	-62.8	-62.9	-63.0	-63.0	-63.1	-63.2	-690.5
Departmental	-2.2	-2.2	-2.2	-2.2	-8.7	-2.2	-2.2	-2.2	-2.2	-2.2	-2.3	-2.3	-24.2
Total	-64.0	-64.7	-64.8	-64.8	-258.4	-64.9	-65.0	-65.1	-65.2	-65.3	-65.4	-65.5	-714.7

(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.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: EUAs – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances – expenses/payments													
Administered	-1.9	-2.6	-2.6	-2.7	-9.7	-2.7	-2.8	-2.9	-3.0	-3.0	-3.1	-3.2	-30.5
Departmental	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.1
Total	-1.9	-2.7	-2.7	-2.8	-10.1	-2.8	-2.9	-3.0	-3.1	-3.1	-3.2	-3.3	-31.5

(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.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 3: Grant funding for new building – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances – expenses/payments													
Administered	-50.0	-50.0	-50.0	-50.0	-200.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-550.0
Departmental	-1.6	-1.6	-1.6	-1.6	-6.4	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-17.8
Total	-51.6	-51.6	-51.6	-51.6	-206.4	-51.6	-51.6	-51.6	-51.6	-51.6	-51.7	-51.7	-567.8

(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.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 4: Grant funding for new green roofs and walls – Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances – expenses/payments													
Administered	-10.0	-10.0	-10.0	-10.0	-40.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-110.0
Departmental	-0.5	-0.5	-0.5	-0.5	-1.9	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-5.3
Total	-10.5	-10.5	-10.5	-10.5	-41.9	-10.5	-10.5	-10.5	-10.5	-10.5	-10.5	-10.5	-115.3

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Repowering Public and Community Housing
Summary of proposal:	<p>The proposal would upgrade Australia’s entire public and community housing stock by 2030 by providing capped funding of \$2,000 for every dwelling.</p> <p>The \$2,000 for each dwelling would be used to:</p> <ul style="list-style-type: none"> • Put a two kilowatt (2kW) solar PV system on the roof of all Australia’s social housing properties. • Install energy efficient appliances, LED lighting, window glazing, smart meters, water efficient appliances and shower heads, roof and wall insulation, ceiling and ventilation fans, efficient heating and cooling, low cost sensors, and draught proofing. • Add secure door and window fittings for cross ventilation • Provide a property energy assessment, education and advice for tenants • Provide a training, employment and education package for tenants interested in developing skills in the green jobs sector, to employ at least 5,000 tenants in the roll-out and maintenance of this package. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	14 June 2016 http://greens.org.au/renew-community-housing
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$250.0 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$241.0 million and an increase in departmental expenses of \$9.0 million over this period.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-62.0	-62.0	-62.0	-62.0	-250.0
Underlying cash balance	-62.0	-62.0	-62.0	-62.0	-250.0

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

(b) Figures may not sum to totals due to rounding.

The proposal would have ongoing financial implications beyond the 2016-17 Budget forward estimates period until 2029-30 at which point funding for the proposal would terminate. The annual impact over the period 2020-21 to 2029-30 would be in line with the impact in 2019-20. A breakdown by administered and departmental expenses is at [Attachment A](#).

This costing is considered to be of high reliability as it is largely based on specified capped amounts.

Key assumptions

- The PBO has not undertaken any analysis of whether the prescribed funding amounts would be adequate to achieve the activities outlined in the proposal.
- It was assumed that around 30,000 dwellings would be upgraded annually until 2030.

Methodology

Administered expense estimates are as specified in the request.

Departmental expense estimates are in addition to the administered costs and are based on similar sized grant programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered and departmental expense estimates were rounded to the nearest \$1 million.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Repowering Public and Community Housing—financial implications

Table A1: Repowering Public and Community Housing—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-60.0	-60.0	-60.0	-60.0	-241.0
<i>Departmental</i>	-2.0	-2.0	-2.0	-2.0	-9.0
Total	-62.0	-62.0	-62.0	-62.0	-250.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Keeping the Climate Change Authority
Summary of proposal:	The proposal would provide \$35 million over the 2016-17 Budget forward estimates period to restore funding for the Climate Change Authority to 2013-14 levels from 2016 onwards, with indexation by the Consumer Price Index (CPI). This proposal would commence on 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 June 2016 http://www.climateinstitute.org.au/news/election-2016-greens.html
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$33.5 million over the 2016-17 Budget forward estimates. This is entirely due to an increase in departmental expenditure.

This proposal would have an ongoing financial impact beyond the forward estimates period. The annual impact to the budget would be consistent with the impact in 2019-20 growing in line with CPI.

This costing is considered to be of high reliability as it is based on indexation of specified amounts.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-6.1	-8.9	-9.1	-9.3	-33.5
Underlying cash balance	-6.1	-8.9	-9.1	-9.3	-33.5

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

(b) Figures may not sum to totals due to rounding.

Methodology

This proposal has been costed in two stages:

- Funding to the Climate Change Authority was restored to 2013-14 levels from 1 September 2016 taking into account the \$2.6 million in funding for 2016-17 currently reflected in the budget baseline.
- The full funding allocation would be provided over the 10 months of 2016-17 from the commencement date of 1 September 2016.
- Annual indexation by CPI was then applied to the restored CCA departmental appropriation amount.

Data sources

The Department of Finance provided efficiency dividend and indexation parameters.

Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education Portfolio 2013-14 Portfolio Budget Statements.

Climate Change Authority 2013-14 Annual Report.

Department of the Environment 2016-17 Portfolio Budget Statements.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Confronting our Domestic Violence Crisis
Summary of proposal:	<p>The proposal has a number of components.</p> <p><u>Component 1: Fund a national peak body</u></p> <ul style="list-style-type: none"> • This component would provide \$2.0 million per year (\$8.0 million over four years) to fund a national peak body for specialist domestic violence services. <p><u>Component 2: Provide funding for specialist domestic violence services</u></p> <ul style="list-style-type: none"> • This component would provide \$500.0 million per year (\$5.0 billion over 10 years) from 1 September 2016 for a new ten-year National Partnership Agreement (NPA) for the Prevention of Domestic Violence and Violence Against Women between the Commonwealth and state and territory governments. <p><u>Component 3: Establish specialist domestic violence courts</u></p> <ul style="list-style-type: none"> • This component would provide \$10.0 million per year (\$20.0 million over two years) for a program of training, information sharing and extra resources to assist state and territory governments to set up specialist domestic violence courts. <p><u>Component 4: Making our family law system safe</u></p> <ul style="list-style-type: none"> • The component would: <ul style="list-style-type: none"> – provide \$5.0 million per year (\$20.0 million over four years) to create a special process in family courts for domestic violence cases – provide \$10.0 million per year (\$40.0 million over four years) for legally assisted and supported family dispute resolution.

	<p><u>Component 5: Primary prevention and gender equality</u></p> <ul style="list-style-type: none"> • This component would: <ul style="list-style-type: none"> – provide additional funding of \$1.0 million per year (\$6.0 million over six years) to Our Watch – provide \$2.0 million per year (\$8.0 million over four years) for The Line social marketing campaign – provide \$2.5 million per year (\$10.0 million over four years) for a national rollout of respectful relationships in schools – provide \$3.0 million per year (\$18.0 million over six years) for an expert primary prevention workforce. <p>All administered components of this proposal would be indexed in line with growth in the Consumer Price Index (CPI).</p> <p>All components of this proposal, unless otherwise specified, commence on 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 May 2016 and 20 June 2016 http://greens.org.au/domestic-violence http://greens.org.au/prevent-violence
Date costing request received:	30 June 2016
Date costing completed	1 July 2016
Additional information requested (including date):	On 1 July 2016 the Parliamentary Budget Office sought clarification on the start date for the National Partnership Agreement component of this costing.
Additional information received (including date):	On 1 July 2016 the office of Senator Di Natale confirmed that the National Partnership Agreement component of the costing would start on 1 September 2016.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would decrease both the fiscal and underlying cash balances by \$2,204.3 million over the 2016-17 Budget forward estimates period. This impact is due to an increase of \$2,197.0 million in administered expenses and \$7.3 million in departmental expenses.

Components 2 and 5 would have financial implications that extend beyond the 2016-17 Budget forward estimates period until 2025-26, with the annual impact being the equivalent of the impact in 2019-20 growing in line with CPI.

A detailed breakdown of the financial implications of this proposal over the 2016-17 Budget forward estimates period for the total (Table A1) and by component (Tables A2-A6) is provided at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs. The reliability of the costing decreases the further into the future the estimates are projected.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-537.4	-549.7	-551.8	-565.5	-2,204.3
Underlying cash balance	-537.4	-549.7	-551.8	-565.5	-2,204.3

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Despite the 1 September 2016 start date of the proposal, it has been assumed that a full year of funding would be provided in 2016-17.

Methodology

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to the capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Confronting our Domestic Violence Crisis—financial implications

Table A1: Confronting our Domestic Violence Crisis—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-535.5	-547.8	-550.0	-563.7	-2,197.0
Departmental	-1.9	-1.9	-1.8	-1.8	-7.3
Total	-537.4	-549.7	-551.8	-565.5	-2,204.3

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Fund a national peak body—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-2.0	-2.0	-2.1	-2.1	-8.2
Departmental	-	-	-	-	-
Total	-2.0	-2.0	-2.1	-2.1	-8.2

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Provide funding for specialist domestic violence services—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-500.0	-511.5	-523.3	-536.3	-2,071.1
Departmental	-0.6	-0.6	-0.6	-0.6	-2.4
Total	-500.6	-512.1	-523.9	-536.9	-2,073.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Establish specialist domestic violence courts—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-10.0	-10.2	-	-	-20.2
Departmental	-0.1	-0.1	-	-	-0.2
Total	-10.1	-10.3	-	-	-20.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 4: Making our family law system safe—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Create special processes in family courts for domestic violence cases	-5.0	-5.1	-5.2	-5.4	-20.7
Provide legally assisted and supported family dispute resolution	-10.0	-10.2	-10.5	-10.7	-41.4
Total - administered	-15.0	-15.3	-15.7	-16.1	-62.1
Departmental					
Create special processes in family courts for domestic violence cases	-0.1	-0.1	-0.1	-0.1	-0.4
Provide legally assisted and supported family dispute resolution	-0.1	-0.1	-0.1	-0.1	-0.4
Total - departmental	-0.2	-0.2	-0.2	-0.2	-0.9
Total	-15.2	-15.5	-15.9	-16.3	-62.9

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A6: Component 5: Primary prevention and gender equality—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Expand funding for <i>Our Watch</i> until 2022	-1.0	-1.0	-1.0	-1.1	-4.1
Additional funding for <i>The Line</i> social marketing campaign	-2.0	-2.0	-2.1	-2.1	-8.3
National rollout of respectful relationships	-2.5	-2.6	-2.6	-2.7	-10.4
Building an expert primary prevention workforce	-3.0	-3.1	-3.1	-3.2	-12.4
Total - administered	-8.5	-8.7	-8.9	-9.1	-35.2
Departmental					
Expand funding for <i>Our Watch</i> until 2022	-0.2	-0.2	-0.2	-0.2	-0.9
Additional funding for <i>The Line</i> social marketing campaign	-0.2	-0.2	-0.2	-0.2	-0.9
National rollout of respectful relationships	-0.3	-0.3	-0.3	-0.3	-1.1
Building an expert primary prevention workforce	-0.3	-0.3	-0.3	-0.3	-1.1
Total - departmental	-1.0	-1.0	-1.0	-1.0	-3.9
Total	-9.5	-9.7	-9.9	-10.1	-39.1

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Access to Affordable Abortion
Summary of proposal:	<p>The proposal has three components.</p> <p><u>Component 1: Review Medicare Benefits Schedule (MBS), and Pharmaceutical Benefits Scheme (PBS) rebates</u></p> <ul style="list-style-type: none"> This component would provide \$500,000 over one year for a review by the Department of Health of the level and adequacy of MBS and PBS rebates for sexual health, contraception, pregnancy and termination-related services. <p><u>Component 2: Nation-wide system of data collection</u></p> <ul style="list-style-type: none"> This component would provide \$5 million to develop a nation-wide system of data collection in relation to abortion services provided in Australia, coordinated by the Department of Health, and ongoing funding of \$0.5 million per year. <p><u>Component 3: Taskforce on Sexual and Reproductive Health</u></p> <ul style="list-style-type: none"> This component would provide \$8 million over four years for a Taskforce on Sexual and Reproductive Health to advocate for access to abortion and other health services for women. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	24 May 2016 http://greens.org.au/accessible-abortion
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$15.0 million over the 2016-17 Budget forward estimates period. This is entirely due to an increase in departmental expenses.

Detailed financial implications are provided at [Attachment A](#).

This proposal would be expected to have an ongoing impact beyond the 2016-17 Budget forward estimates period at a similar level to 2019-20 estimates.

This costing is considered to be of high reliability as the estimates are based on capped specified funding amounts. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-7.5	-2.5	-2.5	-2.5	-15.0
Underlying cash balance	-7.5	-2.5	-2.5	-2.5	-15.0

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

(b) Figures may not sum to totals due to rounding.

Methodology

The expenditure for this proposal was based on the specified capped amounts. For the Taskforce on Sexual and Reproductive Health (Component 3), the specified capped amount was spread evenly over four years.

Attachment A: Access to Affordable Abortion—disaggregated financial implications

Table A1: Financial Implications—Fiscal balance and underlying cash balance^{(a) (b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Departmental expenses					
<i>Review of MBS and PBS rebates</i>	-0.5	-	-	-	-0.5
<i>National data system</i>	-5.0	-0.5	-0.5	-0.5	-6.5
<i>Taskforce on Sexual and Reproductive Health</i>	-2.0	-2.0	-2.0	-2.0	-8.0
Total	-7.5	-2.5	-2.5	-2.5	-15.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Australia's Film Industry
Summary of proposal:	<p>The proposal has two components.</p> <p><u>Component 1: Increase the Location Tax Offset</u></p> <ul style="list-style-type: none">This component would increase the Location Tax Offset for the screen industry to 30 per cent of eligible qualifying Australian production expenditure (QAPE). <p><u>Component 2: Increase the Producer Tax Offset</u></p> <ul style="list-style-type: none">This component would increase the Producer Tax Offset available to television production to 40 per cent of eligible QAPE. <p>This proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 www.adambandt.com/160630
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$280 million and decrease the underlying cash balance by \$200 million over the 2016-17 Budget forward estimates period. This impact entirely reflects an increase in expenses.

Detailed financial implications of this proposal are provided at [Attachment A](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact because of a timing difference between when films become eligible to receive the offset and when the offset is paid through lodgement of an income tax return to the Australian Taxation Office.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

The Location Tax Offset is a refundable tax offset that supports the production of large-budget film and television projects shot in Australia that are not eligible to receive the Producer Tax Offset because they do not meet the significant Australian content test. Qualifying films are generally eligible for an offset equivalent to 16.5 per cent of QAPE.

The Producer Tax Offset is a refundable tax offset that supports television and film productions with significant Australian content. Feature films are generally eligible for an offset equivalent to 40 per cent of QAPE; and other formats, including television and direct to DVD, are generally eligible for an offset equivalent to 20 per cent of QAPE.

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

The Location Tax Offset component of this costing is considered to be of low reliability because claims for the Location Tax Offset are highly volatile, and therefore the projected amount of expenditure on foreign films in Australia is highly uncertain.

The Producer Tax Offset component of this costing is considered to be of medium reliability because television production expenditure in Australia has been reasonably stable in recent years.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-50.0	-75.0	-75.0	-80.0	-280.0
Underlying cash balance	-	-50.0	-75.0	-75.0	-200.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions regarding this proposal:

- Offset amounts are expected to be claimed by companies in the year following the completion of production.
- The value of QAPE is assumed to grow at the same rate as the Consumer Price Index.
- There is assumed to be no change in the number of television productions that receive the Producer Tax Offset under the proposal.

- The proposed increase in the Location Tax Offset is assumed to result in an increase in QAPE as the increase in the offset would make producing films in Australia relatively more attractive.
- There is not expected to be an increase in spending on eligible television production as a result of the increased rate of the Producer Tax Offset. This is because television production with substantive Australian content is assumed to occur to meet local content rules, independent of the rate of the Producer Tax Offset.

Methodology

Location Tax Offset

The projected amount of QAPE on foreign films shot in Australia was calculated based on average historical amounts. QAPE was increased permanently by the rates for the expected behavioural response. The impact of the proposal was then calculated by taking the difference between the amount of the Location Tax Offset at the current rate and the proposed rate.

Producer Tax Offset

The historical average of QAPE on eligible television production was used as the basis for this costing. The impact of the proposal was then calculated by taking the difference between the amount of the Producer Tax Offset at the current rate and the proposed rate.

Estimates have been rounded to the nearest \$5 million.

Data sources

The amount of expenditure on foreign films and eligible television production in Australia was obtained from publicly available information published by Screen Australia.

Attachment A: Australia's film industry— financial implications

The following tables provide a breakdown of the estimated financial impacts of the proposed changes over the 2016-17 Budget forward estimates period on a fiscal and underlying cash balance basis.

Table A1: Australia's film industry—Fiscal balance^{(a)(b)}

Impact arising from (\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<i>Expenses</i>					
Administered	-50.0	-75.0	-75.0	-80.0	-280.0
<i>Increase the Location Tax Offset</i>	<i>-15.0</i>	<i>-20.0</i>	<i>-20.0</i>	<i>-25.0</i>	<i>-80.0</i>
<i>Increase the Producer Tax Offset</i>	<i>-35.0</i>	<i>-55.0</i>	<i>-55.0</i>	<i>-55.0</i>	<i>-200.0</i>
Total	-50.0	-75.0	-75.0	-80.0	-280.0

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

(b) Figures may not sum to totals due to rounding.

Table A2: Australia's film industry—Underlying cash balance^{(a)(b)}

Impact arising from(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<i>Outlays</i>					
Administered	-	-50.0	-75.0	-75.0	-200.0
<i>Increase the Location Tax Offset</i>	<i>-</i>	<i>-15.0</i>	<i>-20.0</i>	<i>-20.0</i>	<i>-55.0</i>
<i>Increase the Producer Tax Offset</i>	<i>-</i>	<i>-35.0</i>	<i>-55.0</i>	<i>-55.0</i>	<i>-145.0</i>
Total	-	-50.0	-75.0	-75.0	-200.0

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

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	A Living Wage for Artists
Summary of proposal:	<p>This proposal has two components.</p> <p><u>Component 1: Centrelink mutual obligation requirement</u></p> <p>This component would allow artistic activities that provide community benefit to be eligible for Centrelink mutual obligation requirements.</p> <p><u>Component 2: Low-income artist superannuation supplement</u></p> <p>Where a working artist meets the eligibility criteria for the Low Income Superannuation Tax Offset (LISTO) announced in the 2016-17 Budget, this component would also make them eligible to receive an additional annual government superannuation payment of \$500.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	8 June 2016 http://www.adambandt.com/160608
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$74 million and decrease the underlying cash balance by \$64 million over the 2016-17 Budget forward estimates period. This reflects an increase in expenses over this period.

The fiscal and underlying cash balance impacts differ due to the timing profile of the superannuation supplement. For Government superannuation contributions, the fiscal balance impact typically occurs in the year in which a person qualifies for the supplement. The underlying cash balance impact occurs when the Australian Taxation Office (ATO) is able to consolidate taxpayer information and pay the supplement, which generally happens within two years after qualifying for the payment.

Detailed financial implications of the proposal are provided at [Attachment A](#).

This proposal is expected to have ongoing impacts beyond the 2016-17 Budget forward estimates period. The mutual obligation component would change with payments. The impact of the superannuation supplement would be expected to decrease as incomes grow, reducing the number of people below the non-indexed LISTO income eligibility threshold.

Departmental expenses were estimated to be around \$9 million over the 2016-17 Budget forward estimates period. This would enable the Department of Human Services (DHS) to assess eligibility and process claims and enable the ATO to implement the superannuation supplement.

This costing is considered to have low to medium reliability. The estimates are sensitive to changes in population and income growth, payment increases, claim probability and any changes in behaviour that result from the proposed policy.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-28.0	-23.0	-23.0	-74.0
Underlying cash balance	-	-18.0	-23.0	-23.0	-64.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

Key assumptions

- A proportion of low-income artists are assumed to already receive income support payments from Centrelink.
- It is assumed that the artist population in each age group increased at the same rate as overall population growth in each age group between 2011 and 2015.
- It is assumed that there would be no behavioural change in response to the introduction of a new superannuation supplement for artists.

- It is assumed that payments of the low-income artist superannuation supplement would have the same timing profile as similar Government superannuation payments.
- The superannuation supplement is assumed to be non-taxable.

Methodology

- To calculate the mutual obligation component, data on the number of artists in Australia by age and income was obtained from the Australian Bureau of Statistics (ABS). The cost of this component of the proposal for each year is calculated by multiplying the estimated number of new recipients that would become eligible under this proposal by their estimated average social security payment consistent with the parameters in the 2016-17 Budget.
 - The definition of artist is taken from the Australian and New Zealand Standard Classification of Occupations and includes all occupations defined as Arts Professionals and some occupations defined as Media Professionals (authors, directors, art directors and directors of photography).
 - The amount and type of payments to eligible artists are estimated using data from the Department of Social Services (DSS) and the Department of Employment (DoE) 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.
 - Departmental expenses are calculated by multiplying the expected number of new recipients of each payment type by their respective unit cost as specified by the DHS.
 - Estimates of Centrelink payments are rounded to the nearest \$5 million. Estimates of departmental expenses are rounded to the nearest \$1 million.
- For the low-income artist superannuation supplement, individuals who are eligible for the LISTO and whose primary occupation is artist are identified using a 16 per cent sample of 2012-13 personal income tax and superannuation returns. Multiplying the number of eligible recipients by the dollar amount of the new superannuation supplement provides estimates of the total increase in government funded superannuation payments as a result of this proposal.
 - Estimates of the cumulative increases in superannuation funds under management for each year are then used to estimate the increase in superannuation earnings tax (which is rounded to zero).
 - Estimates of superannuation supplement payments are rounded to the nearest \$5 million. Estimates of departmental expenses are rounded to the nearest \$1 million.

Data sources

- ABS, Employment in Culture, Australia, 2011 (Cat 6273.0).
- ABS, Australian Demographic Statistics, September 2015 (Cat 3101.0).
- Data on marital/de-facto status, dependent children and living arrangements was obtained from the DSS and the DoE.
- Data on the proportions of individuals receiving study-related social security payments was obtained from the DSS.
- 2016-17 Budget.
- DHS unit pricing data as of the 2016-17 Budget.
- De-identified 16 per cent samples of personal income tax and superannuation returns for 2012-13 were provided by the ATO.

Attachment A: A living wage for artists— financial implications

Table A1: A living wage for artists—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Revenue	-	-
Administered Expenses	-	-25.0	-20.0	-20.0	-65.0
<i>Centrelink mutual obligation</i>	-	-15.0	-15.0	-15.0	-45.0
<i>Superannuation supplement</i>	-	-10.0	-5.0	-5.0	-20.0
Departmental Expenses	-	-3.0	-3.0	-3.0	-9.0
Total	-	-28.0	-23.0	-23.0	-74.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

.. Indicates the value is not zero but rounded to zero.

Table A2: A living wage for artists —Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Receipts	-	-
Administered Outlays	-	-15.0	-20.0	-20.0	-55.0
<i>Centrelink mutual obligation</i>	-	-15.0	-15.0	-15.0	-45.0
<i>Superannuation supplement</i>	-	-	-5.0	-5.0	-10.0
Departmental Outlays	-	-3.0	-3.0	-3.0	-9.0
Total	-	-18.0	-23.0	-23.0	-64.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

.. Indicates the value is not zero but rounded to zero.

Table A3: Component 1: Centrelink mutual obligation requirement—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense	-	-17.0	-17.0	-17.0	-51.0
<i>Administered</i>	-	-15.0	-15.0	-15.0	-45.0
<i>Departmental</i>	-	-2.0	-2.0	-2.0	-6.0
Total	-	-17.0	-17.0	-17.0	-51.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates a nil value.

Table A4: Component 2: Low-income artist superannuation supplement—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Revenue	-	-
Expense	-	-11.0	-6.0	-6.0	-23.0
<i>Administered</i>	-	-10.0	-5.0	-5.0	-20.0
<i>Departmental</i>	-	-1.0	-1.0	-1.0	-3.0
Total	-	-11.0	-6.0	-6.0	-23.0
Underlying cash balance					
Receipts	-	-
Outlays	-	-1.0	-6.0	-6.0	-13.0
<i>Administered</i>	-	-	-5.0	-5.0	-10.0
<i>Departmental</i>	-	-1.0	-1.0	-1.0	-3.0
Total	-	-1.0	-6.0	-6.0	-13.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

.. Indicates the value is not zero but rounded to zero.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Community Sports
Summary of proposal:	<p>The proposal has two components.</p> <p><u>Component 1: Community Sports Initiative</u></p> <ul style="list-style-type: none"> • \$20 million over four years of the 2016-17 Budget forward estimates for a community sports initiative to address the barriers to participation for disadvantaged families comprising: <ul style="list-style-type: none"> - \$10 million in direct financial support to families for costs associated with kids' participation in sport such as membership fees - \$9.5 million in grants to help set up local sports libraries where kids and local sports programs can borrow equipment - \$500,000 in assistance to help volunteers and sports clubs navigate the legal and organisational barriers to volunteering, including a hotline and assistance with the cost of qualifications such as first aid certificates. <p><u>Component 2: ReLink National Program</u></p> <ul style="list-style-type: none"> • \$4 million over four years of the 2016-17 Budget forward estimates as a grant for a new ReLink National Program targeting assistance to sports and recreation programs in regional and rural communities with higher levels of disadvantage. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	11 June 2016 http://greens.org.au/community-sport
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$24 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of \$23 million and an increase in departmental expenses of \$1 million.

The proposal would not have an impact beyond the 2016-17 Budget forward estimates period as funding for the proposal would terminate on 30 June 2020. A detailed breakdown of the financial impacts for the total (Table A1) and by component (Tables A2 and A3) is provided at [Attachment A](#).

Both components are considered to be of high reliability as they are based on specified capped amounts and the application of administrative costs based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-6.0	-6.0	-6.0	-6.0	-24.0
Underlying cash balance	-6.0	-6.0	-6.0	-6.0	-24.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that despite the 1 September 2016 start date a full year of funding would be provided during 2016-17.

Methodology

Departmental expenditure estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on other like programs.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

Attachment A: Community Sports—financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-5.5	-5.7	-5.7	-5.7	-23.0
Departmental	-0.4	-0.2	-0.2	-0.2	-1.0
Total	-6.0	-6.0	-6.0	-6.0	-24.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: Community Sports—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
<i>Direct financial support to families</i>	-2.2	-2.4	-2.4	-2.4	-9.5
<i>Local sport libraries grants</i>	-2.2	-2.2	-2.2	-2.2	-9.0
<i>Volunteers assistance</i>	-0.1	-0.1	-0.1	-0.1	-0.5
Total Administered	-4.5	-4.7	-4.7	-4.7	-19.0
Departmental					
<i>Direct financial support to families</i>	-0.3	-0.1	-0.1	-0.1	-0.5
<i>Local sport libraries grants</i>	-0.1	-0.1	-0.1	-0.1	-0.5
<i>Volunteers assistance</i>	..	..	..	..	..
Total Departmental	-0.4	-0.2	-0.2	-0.2	-1.0
Total	-5.0	-5.0	-5.0	-5.0	-20.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A3: Component 2: ReLink National Program—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
ReLink National Program	-1.0	-1.0	-1.0	-1.0	-4.0
Total	-1.0	-1.0	-1.0	-1.0	-4.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Migrant Communities Employment Fund
Summary of proposal:	<p>The proposal would re-establish the Migrant Communities Employment Fund with \$22 million in funding over the Budget 2016-17 forward estimates.</p> <p>Funding would be evenly distributed across each of the 2016-17 Budget forward estimate years. Administration costs would be in addition to the capped funding amount specified above.</p> <p>This proposal would commence on 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	29 June 2016 http://www.adambandt.com/160629
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$22.7 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$22.0 million and an increase in departmental expenses of \$0.7 million. A breakdown of the financial implications is provided at [Attachment A](#).

The proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates as funding for the proposal would terminate on 30 June 2020.

The costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-5.7	-5.7	-5.7	-5.7	-22.7
Underlying cash balance	-5.7	-5.7	-5.7	-5.7	-22.7

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that a full year of funding would be provided in 2016-17.

Methodology

Administered expense estimates are as specified in the request. The departmental expense estimates are in addition to capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Migrant Communities Employment Fund— financial implications

Table A1: Migrant Communities Employment Fund—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-5.5	-5.5	-5.5	-5.5	-22.0
Departmental	-0.2	-0.2	-0.2	-0.2	-0.7
Total	-5.7	-5.7	-5.7	-5.7	-22.7

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Guaranteed access to pre-exposure prophylaxis (PrEP)
Summary of proposal:	<p>The proposal would provide funding to:</p> <ul style="list-style-type: none"> supply PrEP over the next two years (2016-17 and 2017-18) to up to 3,000 high-risk Australians who are not currently participating in PrEP clinical trials supply PrEP over the following two years (2018-19 and 2019-20) to up to 11,000 people as a safety net for high-risk users of PrEP should PrEP medication not be listed on the Pharmaceutical Benefits Scheme (PBS). <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016 http://greens.org.au/prep
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$40.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$36.4 million and an increase in departmental expenses of \$3.8 million over this period.

There would be no financial implications beyond the 2016-17 Budget forward estimates period as the duration of the proposal would end on 1 July 2020. Detailed financial implications of this proposal are provided at [Attachment A](#).

The administered expense estimates of this costing are considered to be of medium reliability. While the number of participants is capped the future price of PrEP medication is subject to change.

The departmental expense estimates of this costing are considered to be of high reliability as they are based on the cost of similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-4.5	-4.5	-15.6	-15.6	-40.2
Underlying cash balance	-4.5	-4.5	-15.6	-15.6	-40.2

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The expected cost of PrEP per person per year is \$1,300, based on the current cost of importing generic PrEP medicines.
- The number of participants would equal the cap in each year.

Methodology

The cost of providing access to PrEP is calculated by multiplying the capped number of participants with the expected price of PrEP for each year over the 2016-17 Budget forward estimates period. The cost of program administration is based on the cost of similar programs and increases with the number of participants.

Attachment A: Guaranteed access to pre-exposure prophylaxis—financial implications

Table A1: Guaranteed access to PrEP—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-3.9	-3.9	-14.3	-14.3	-36.4
Departmental – Department of Health	-0.6	-0.6	-1.3	-1.3	-3.8
Total	-4.5	-4.5	-15.6	-15.6	-40.2

(a) A negative number indicates an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Digital Rights: Abolish Data Retention
Summary of proposal:	<p>This proposal has two components:</p> <p><u>Component 1: Abolish Data Retention</u></p> <ul style="list-style-type: none">The proposal would abolish the Mandatory Data Retention Scheme announced in the 2015-16 Budget. <p><u>Component 2: Commissioner for digital rights</u></p> <ul style="list-style-type: none">The proposal would create an additional commissioner position at the Human Rights Commission that would be responsible for digital rights. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 http://greens.org.au/digital-rights-commissioner
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase both the fiscal and underlying cash balances by \$54 million over the 2016-17 Budget forward estimates period. These financial implications are due to a net decrease in expenses and reflect a decrease in administered expenses of \$56 million and a net increase in departmental expenses of \$2 million over the 2016-17 Budget forward estimates period.

Detailed financial implications are provided at [Attachment A](#).

This proposal would be expected to have an ongoing impact beyond the 2016-17 Budget forward estimates period at a similar level to the 2019-20 estimates. The ongoing impact relates only to the proposed commissioner for digital rights (Component 2).

Component 1 of this costing is considered to be of high reliability as it is based on estimates provided by the Attorney-General's Department.

Component 2 of this costing is considered to be of high reliability as it is based on the financial implications of removing the previous Disability Commissioner in the 2014-15 Budget.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	43.2	12.9	-1.0	-1.0	54.0
Underlying cash balance	43.2	12.9	-1.0	-1.0	54.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions regarding this proposal:

- For Component 1, it was assumed that funding for the 2016-17 Budget year would be spread evenly throughout the year to account for the 1 September 2016 start date.
- For component 2, it has been assumed that the introduction of a commissioner responsible for digital rights would be consistent with costs associated with the removal of the previous Disability Commissioner. Support staff costs are assumed to be consistent with the National Wind Farm Commissioner.

Methodology

Estimates for Component 1 of the proposal are based on estimates provided by the Attorney-General's Department relating to the implementation of mandatory telecommunications data retention. The estimates provided by the Attorney-General's Department were adjusted to allow for the proposal's 1 September 2016 start date.

Data sources

- The Attorney-General's Department provided cost estimates for the National Security Implementation of mandatory telecommunications data retention measure.
- 2015-16 Budget Paper No. 2, page 63.
- 2014-15 Budget Paper No. 2, page 57.

Attachment A: Digital Rights: Abolish Data Retention— financial implications

Table A1: Digital Rights: Abolish Data Retention—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/outlays					
Administered	43.1	13.2	-	-	56.2
<i>Abolish Data Retention</i>	43.1	13.2	-	-	56.2
Departmental	0.1	-0.3	-1.0	-1.0	-2.2
<i>Abolish Data Retention</i>	0.7	0.6	-	-	1.3
<i>Commissioner for digital rights</i>	-0.6	-0.9	-1.0	-1.0	-3.5
Total	43.2	12.9	-1.0	-1.0	54.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Ending compulsory income management
Summary of proposal:	<p>The proposal would, from 1 September 2016, remove all forms of compulsory income management while retaining infrastructure as needed for participants who undertake income management voluntarily.</p> <p>The proposal includes a communication campaign prior to 1 September 2016 to ensure individuals are aware that compulsory income management is ceasing.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	24 June 2016 http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-plans-reverse-income-management
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal is expected to increase both the fiscal and underlying cash balances by \$60 million over the 2016-17 Budget forward estimates period. This impact reflects a decrease in departmental expenditure of \$50 million and a decrease in administered expenditure of \$10 million over this period. A breakdown of the components of the costing is at [Attachment A](#).

This costing is considered to be of medium reliability. Assumptions were made regarding the amount of funding that would need to be retained by the Department of Social Services and the Department of Human Services in order to continue income management trials for voluntary participants.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	60.0	-	-	-	60.0
Underlying cash balance	60.0	-	-	-	60.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office has assumed:

- The cost of the cashless debit card for income management for all trial sites would be largely related to infrastructure that would need to be retained in order to maintain arrangements for voluntary participants.
- No further funding would be made available to continue income management trials once current funding ends in 2016-17.

Methodology

The total cost of income management, excluding the cost of the cashless debit card, was sourced from Budget measures extending funding for income management until the end of 2016-17. To isolate the saving due to the removal of compulsory income management, this amount was reduced by the proportion of voluntary income management participants to all income management participants.

This costing does not include any ongoing financial implications of retaining voluntary income management trials beyond 2016-17 as this is not currently factored into the budget baseline.

The cost of the communication campaign (\$5 million in 2016-17) was based on the 2016-17 Budget measure, *Vocational Education and Training – information campaign*.

Data sources

- Data from the Central Budget Management System provided by the Department of Finance.
- *Income Management Summary* as at 1 January 2016 available from the Department of Social Services at <http://data.gov.au/dataset/income-management-summary-data>.
- This costing is based on the *Financial counselling, capability and resilience services in income management locations – continuation* and *Income management – two year extension* measures from the 2015-16 Budget.

Attachment A: Reversing compulsory income management—financial implications

Table A1: Reversing compulsory income management—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Department of Social Services – administered	10.0	-	-	-	10.0
Department of Social Services – departmental	5.0	-	-	-	5.0
Department of Human Services – departmental ^(c)	45.0	-	-	-	45.0
Total	60.0	-	-	-	60.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

(c) Reflects savings of \$50 million related to ending compulsory income management partially offset by increased advertising expenditure of \$5 million.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Public and Community Housing Supply Boost
Summary of proposal:	<p>The proposal would provide capped funding for 13,000 new dwellings each year for 10 years as follows:</p> <ul style="list-style-type: none">• Funding for 50 per cent of the new dwellings would be at a cost of \$350,000 per home.• Funding for the remaining 50 per cent of the new dwellings would be at a cost of \$150,000 per home. <p>The states and territories would co-fund half of the required funding and the Commonwealth would contribute the other half.</p> <p>In addition, each state or territory would be responsible for the administration of the program within its jurisdiction and the Commonwealth would have no equity in the homes built under the program.</p> <p>The proposal would have effect from 1 July 2017.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$4,875 million over the 2016-17 Budget forward estimates period. These financial implications entirely reflect an increase in administered expenses over this period.

This proposal would have ongoing financial implications beyond the 2016-17 Budget forward estimates period. Departmental costs associated with processing payments to states and territories are not expected to be significant and have not been included in the costing. This is because, under the proposal, the states and territories would implement, oversee and monitor projects funded through this proposal within their jurisdictions.

This costing is considered to be of high reliability as it is based on specified capped amounts.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-1,625.0	-1,625.0	-1,625.0	-4,875.0
Underlying cash balance	-	-1,625.0	-1,625.0	-1,625.0	-4,875.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The Parliamentary Budget Office (PBO) has not undertaken any analysis of whether the specified funding amounts are adequate to achieve the activities outlined in the proposal.
- The PBO has not made an assessment of whether the states and territories would match the funding provided by the Commonwealth Government under this proposal.

Methodology

The estimates are based on the specified capped funding amounts per dwelling type multiplied by the number of dwellings to be constructed each year. The result of this calculation is halved to derive the Commonwealth's share of the funding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Increasing Rent Assistance by 30 per cent
Summary of proposal:	<p>The proposal would progressively increase the maximum amount of Commonwealth Rent Assistance payable by 30 per cent over three years.</p> <p>The maximum rate of rent assistance would be increased by 10 per cent on 1 July 2017, 1 July 2018 and 1 July 2019.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 http://greens.org.au/sites/greens.org.au/files/increasing%20rent%20assistance.pdf
Date costing request received:	1 July 2016
Date costing completed	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal balance by \$2,217.0 million and decrease the underlying cash balance by \$2,196.0 million over the 2016-17 Budget forward estimates period. The decrease in the fiscal balance reflects an increase in administered expenses of \$2,216.0 million and an increase in departmental expenses of \$1.0 million over this period.

The proposal would have ongoing financial implications that extend beyond the forward estimates period. The ongoing annual impact would be in line with the impact in 2019-20, growing at around \$50 million per year.

This costing is considered to be of medium reliability. Estimates are sensitive to changes in economic and demographic factors.

The underlying cash balance implications of this proposal differ from the fiscal balance implications because there would be a delay between the recognition of Family Tax Benefit expenses incurred and the payment of these expenses.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-357.0	-730.0	-1,130.0	-2,217.0
Underlying cash balance	-	-353.0	-723.0	-1,120.0	-2,196.0

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

(b) Figures may not sum to totals due to rounding.

Methodology

The costing estimates represent the difference between total Commonwealth financial implications under the proposal less total expected financial implications in the absence of the proposal using parameters as at the 2016 Pre-Election Economic and Fiscal Outlook.

Administered expenses were estimated using a combination of the Department of Social Services' (DSS) Policy and Evaluation Model (PoEM) and the Treasury CAPITA model.

- PoEM is based on DSS administrative data and covers the existing DSS client base, while CAPITA is based on Australian Bureau of Statistics Survey of Income and Household data which captures information for the broader population but with less detail.

PoEM was used to estimate the financial implications of the proposal for the current beneficiary population. The number of additional beneficiaries who become eligible for a part rate benefit payment as a result of the increase in rent assistance payments was estimated using CAPITA.

The elements of this costing that involve conducting reviews into the structure of Commonwealth Rent Assistance payments and linking payments to the level of rent paid, rather than the type of living arrangement people may be in, are assumed to be conducted within existing departmental funding.

Departmental estimates were calculated by multiplying the Department of Human Services (DHS) per unit processing cost by the number of new recipients that would receive rent assistance as a result of this proposal.

Administered expenses and departmental expenses have been rounded to the nearest \$1 million.

Data sources

- Rent and other dwelling service, 2016-17 Budget, Department of the Treasury.
- Policy and Evaluation Model, DSS.
- CAPITA microsimulation model, Department of the Treasury.
- DHS departmental estimates for 'Family Payment Reform - a new families package' measure contained in 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO).

Attachment A: Increasing Rent Assistance by 30 per cent— financial implications

Table A.1: Increasing Rent Assistance by 30 per cent—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal balance					
<i>Administered</i>	-	-357	-730	-1,130	-2,216
<i>Departmental</i>	-	-1
Total	-	-357	-730	-1,130	-2,217
Impact on underlying cash balance					
<i>Administered</i>	-	-353	-723	-1,120	-2,195
<i>Departmental</i>	-	-1
Total	-	-353	-723	-1,120	-2,196

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Indicates not zero, but rounded to zero.

- Indicates a nil value.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Ensuring the independence and flourishing of the arts
Summary of proposal:	<p>The proposal would restore Commonwealth arts funding and implement new programs to support artists and the arts industry.</p> <p>The proposal has 14 components.</p> <p><u>Component 1: Restore Australia Council funding</u></p> <ul style="list-style-type: none"> • Restore funding cut from the Australia Council to 2013-14 levels, including: <ul style="list-style-type: none"> – \$2 million to re-establish the ArtStart program – \$1.3 million to re-introduce the artists in residence program in schools. <p><u>Component 2: ArtStart program</u></p> <ul style="list-style-type: none"> • An additional \$3 million to the ArtStart program. <p><u>Component 3: Australia Council grants and initiatives</u></p> <ul style="list-style-type: none"> • Double the funding (from 2013-14 levels) available for Australia Council grants and initiatives. <p><u>Component 4: Public art display</u></p> <ul style="list-style-type: none"> • \$5 million per year to pay artists to display their works publicly. <p><u>Component 5: Playing Australia</u></p> <ul style="list-style-type: none"> • Increase funding by \$2 million per year for regional touring through Playing Australia until total funding reaches \$10 million per year. Total funding would then be indexed by the Consumer Price Index. <p><u>Component 6: 'In Australia' rule</u></p> <ul style="list-style-type: none"> • Remove touring arts companies from the 'in Australia' rule from 1 July 2017 which would allow organisations to become tax exempt entities. <p><u>Component 7: Arts Research and Development fund</u></p> <ul style="list-style-type: none"> • \$5 million to create an Arts Research and Development fund.

	<ul style="list-style-type: none"> • <u>Component 8: Artist in residence</u> • \$1 million to introduce an artist in residence program at Parliament House. <p><u>Component 9: National voices in the arts</u></p> <ul style="list-style-type: none"> • \$1 million to support national voices in the arts. <p><u>Component 10: National arts week</u></p> <ul style="list-style-type: none"> • \$1 million to establish a national arts week. <p><u>Component 11: Regional Arts Fund</u></p> <ul style="list-style-type: none"> • \$8 million for the Regional Arts Fund. <p><u>Component 12: Live Music Office</u></p> <ul style="list-style-type: none"> • An additional \$5.4 million to the Live Music Office. <p><u>Component 13: Expand <i>Music: Count Us In</i></u></p> <ul style="list-style-type: none"> • \$2 million to expand the school program, <i>Music: Count Us In</i>. <p><u>Component 14: Australian authors' advocacy body</u></p> <ul style="list-style-type: none"> • \$5 million to establish a body that can advocate for Australian authors and the broader industry. <p>Where unspecified, funding allocations for the 2016-17 Budget forward estimates period would be spread evenly across the four years.</p> <p>Departmental expenses would be included in the proposed annual spending commitments.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 May 2016 http://www.adamandt.com/160530
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$317.4 million over the 2016-17 Budget forward estimates period. This reflects an increase in departmental expenses for the Australia Council of \$298.6 million and an increase in administered expenses of \$18.8 million.

Detailed financial implications of the proposal are provided at [Attachment A](#).

The proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

The departmental expense estimates in this costing are considered to be of high reliability as they have been either specified in the request or based on the costs of similar programs.

The administered expense estimates in this costing are considered to be of high reliability as the amounts are as specified in the request. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-78.5	-80.0	-79.7	-79.3	-317.4
Underlying cash balance	-78.5	-80.0	-79.7	-79.3	-317.4

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

(b) Figures may not sum to totals due to rounding.

Methodology

Administered and most departmental expenditure estimates for the proposal are as specified in the request. Departmental costs associated with implementing the proposal are based on the costs of similar programs.

Data sources

Australia Council 2014-15 annual report.

Attachment A: Ensuring the independence and flourishing of the arts—financial implications

Table A1: Combined impact of all components—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-4.7	-4.7	-4.7	-4.7	-18.8
<i>Regional Arts Fund</i>	-1.9	-1.9	-1.9	-1.9	-7.6
<i>Live Music Office</i>	-1.3	-1.3	-1.3	-1.3	-5.0
<i>Expand Music: Count Us In</i>	-0.4	-0.4	-0.4	-0.4	-1.6
<i>Australian authors' advocacy body</i>	-1.2	-1.2	-1.2	-1.2	-4.6
Departmental	-73.8	-75.3	-75.0	-74.6	-298.6
<i>Restore Australia Council funding</i>	-8.0	-8.1	-8.2	-8.4	-32.8
<i>ArtStart program</i>	-0.8	-0.8	-0.8	-0.8	-3.0
<i>Australia Council grants and initiatives</i>	-55.7	-55.0	-54.4	-53.6	-218.7
<i>Public art display</i>	-5.0	-5.0	-5.0	-5.0	-20.0
<i>Playing Australia</i>	-2.0	-4.0	-4.2	-4.4	-14.6
<i>'In Australia' rule</i>	..	..	..	..	..
<i>Arts Research and Development fund</i>	-1.3	-1.3	-1.3	-1.3	-5.0
<i>Artist in residence</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>National voices in the arts</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>National arts week</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>Regional Arts Fund</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Live Music Office</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Expand Music: Count Us In</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Australian authors' advocacy body</i>	-0.1	-0.1	-0.1	-0.1	-0.4
Total	-78.5	-80.0	-79.7	-79.3	-317.4

(a) A negative number indicates an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Alcohol and other drug treatment
Summary of proposal:	<p>The proposal would provide additional Commonwealth funding for alcohol and other drug treatment services to improve treatment outcomes and provide certainty to treatment providers.</p> <p>\$900 million over three years would be provided and the profile of the funding would be as follows:</p> <ul style="list-style-type: none">• 2017-18: \$200 million• 2018-19: \$300 million• 2019-20: \$400 million. <p>Departmental costs for administering this proposal would be met from within the capped funding amounts.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 http://greens.org.au/alcohol-drug-treatment
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$900.0 million over the 2016-17 Budget forward estimates period. The impacts are due to an increase in administered expenses of \$897.2 million and an increase in departmental expenses of \$2.8 million.

This proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates period as the funding for the proposal would terminate on 30 June 2020. A breakdown of expenses by administered and departmental impacts is provided at [Attachment A](#).

This costing is considered to be of high reliability as the total capped Commonwealth funding is as specified in the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-200.0	-300.0	-400.0	-900.0
Underlying cash balance	-	-200.0	-300.0	-400.0	-900.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

Departmental expense estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on similar programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expense estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Alcohol and other drug treatment— financial implications

Table A1: Alcohol and other drug treatment—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-199.2	-299.1	-398.9	-897.2
<i>Departmental</i>	-	-0.8	-0.9	-1.1	-2.8
Total	-	-200.0	-300.0	-400.0	-900.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Hospital Funding We Deserve
Summary of proposal:	<p>The proposal includes the following three components:</p> <p><u>Component 1 – Hospital funding</u></p> <p>This component would set the annual growth in Commonwealth funding to states and territories for public hospitals from 1 July 2017 to 50 per cent of the efficient growth in public hospital costs.</p> <p><u>Component 2 – Darebin Community Health Centre National Partnership Payment (NPP)</u></p> <p>This component would provide \$8.8 million in 2016-17 for Darebin Community Health Centre Preston in Preston, Victoria.</p> <p><u>Component 3 – Tweed Hospital NPP</u></p> <p>This component would provide \$100 million in 2016-17 for Tweed Hospital in Tweed Heads, New South Wales.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 March 2016 http://greens.org.au/healthcare
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Additional information requested:	On 1 July 2016 clarification was sought from the office of Senator Di Natale (the office) as to the start date for Component 1.
Additional information received:	On 1 July 2016 the office advised that the start date for Component 1 is 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$792.8 million over the 2016-17 Budget forward estimates period. This impact is entirely due to an increase in administered expenses.

Departmental expenses have not been included for the Department of Health or The Treasury as the proposed options are not expected to impact significantly on administrative activities currently undertaken by these agencies.

A breakdown of the financial impact by component over the 2016-17 Budget forward estimates period is provided at [Attachment A](#). The proposal would have an ongoing impact beyond the forward estimates period (relating to Component 1 only) growing to an annual impact of around \$4 billion in 2026-27.

The financial implications provided are considered to be of low reliability as, while Components 2 and 3 are specified capped amounts, the estimates for Component 1 are highly sensitive to:

- the growth in the National Efficient Price (NEP) and volume (National Weighted Activity Units) which determine the level of activity based funding
- the National Efficient Cost which determines the level of hospital block funding.

Since the Commonwealth funding of public hospitals has been linked to the efficient growth in the cost of hospital services from 2014-15, there have been material revisions to these cost drivers.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-108.8	-110	-226	-348	-792.8
Underlying cash balance	-108.8	-110	-226	-348	-792.8

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

For Component 1, it has been assumed that:

- the amount provided for public health activities under the National Health Reform Agreement 2011 (2011 NHRA) would continue from 2017-18
- for the base policy setting, beyond 2019-20 Commonwealth funding for public hospitals would be indexed by a combination of population growth and the consumer price index, and would not include amounts provided for public health activities under the 2011 NHRA.

Methodology

Component 1: Hospital funding

Base policy setting

Commonwealth public hospital funding estimates are drawn from the 2016-17 Budget.

Proposed policy settings: 50 per cent of the efficient growth in public hospital costs

From 1 July 2017 the estimates reflect the Commonwealth funding 50 per cent of the efficient growth in the cost of hospital services. These estimates were derived from the Department of Health's 2016-17 Budget hospital funding model (*see Data sources*).

The impact of this proposal is the difference between estimates under the base policy setting and those under the proposal.

Amounts have been rounded to the nearest \$1 million.

Component 2: Darebin Community Health Centre NPP and Component 3: Tweed Hospital NPP

Administered expenditure estimates for both components are as specified in the request.

Data sources

- The Department of Health provided the 2016-17 Budget hospital funding model.
- 2016-17 Budget - Payments to support state health services.
- Administrator of the National Health Funding Pool: Total hospital funding <http://www.publichospitalfunding.gov.au/reports/national>
- National Health Reform funding by funding type.
- Independent Hospital Pricing Authority, National Efficient Price Determination 2016-17 <https://www.ihpa.gov.au/publications/national-efficient-price-determination-2016-17>
- NEP and growth in NEP.

Attachment A: Hospital Funding We Deserve— financial implications

Table A1: Hospital Funding We Deserve—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances – expenses/payments					
Component 1 - Hospital funding	-	-110.0	-226.0	-348.0	-684.0
Component 2 – Darebin Community Health Centre NPP	-8.8	-	-	-	-8.8
Component 3 – Tweed Hospital NPP	-100.0	-	-	-	-100.0
Total	-108.8	-110.0	-226.0	-348.0	-792.8

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Tackling Obesity: Sugar sweetened beverages
Summary of proposal:	<p>This proposal would apply an excise ('sugar tax') of 20 per cent of the retail value of sugar-sweetened beverages (SSBs) with greater than 5g of sugar per 100ml.</p> <p>The sugar tax would be paid by manufacturers, producers and importers (with an excise-equivalent import duty).</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	<p>22 June 2016</p> <p>http://greens.org.au/sugar-tax</p>
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Additional information received (including date):	<p>On 1 July 2016 the office of Senator Di Natale confirmed that:</p> <p>the proposal would start on 1 September 2016</p> <p>the definition of SSB would include any water-based, ready-to-drink, and non-alcoholic beverage that contains naturally occurring sugars and/or added caloric sweeteners such as sucrose, corn syrup or fruit juice concentrates</p> <p>this definition would include, but is not limited to, soft drinks, mineral water, fruit drinks, sports drinks, energy and vitamin water drinks, sweetened iced tea, and lemonade.</p>
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to increase the fiscal balance by \$2,085 million and increase the underlying cash balance by \$2,075 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, this impact reflects a net increase in revenue of \$2,060 million and a net decrease in expenses of \$25 million.

The fiscal balance impact differs from the underlying cash balance impact because of a lag in when sugar tax receipts would be received compared to the recognition of tax revenue.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

A detailed breakdown of the financial implications of this proposal over the 2016-17 Budget forward estimates period is presented at [Attachment A](#).

Based on an assessment of proposals with a similar degree of administrative complexity, additional departmental expenses have been estimated at \$7 million in each year the sugar tax is in operation, with \$7 million in additional set up expenses in the year of implementation.

This costing is considered to be of low to medium reliability. The estimates are based on Australian Bureau of Statistics (ABS) data, manufacturer and retailer survey data and several assumptions. While the assumed behavioural response is based on academic research, it is uncertain whether this would be representative of the response to a sugar tax of the magnitude proposed.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	386.0	553.0	563.0	583.0	2,085.0
Underlying cash balance	386.0	543.0	563.0	583.0	2,075.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions regarding this costing:

General assumptions

- The baseline estimates of the volume of SSBs are based on average daily consumption figures from the ABS Australian Health Survey in 2010-11, grossed up to account for participants underreporting their consumption, and grown in line with long run trends.

- The estimates of SSB prices are based on data on the value of beverages sold and purchased in Australia from various surveys of manufacturers and households.
- The mark-up between the price received by the manufacturer or importer and the retail price paid by the consumer is assumed to be 50 per cent.
- There is assumed to be a one month lag between the manufacture or importation of these beverages and their consumption.
- While the proposal is assumed to result in price increases of the affected beverages, this costing does not take into account any impact on the Consumer Price Index (CPI) or consequential CPI related impacts on transfer payments.

Behavioural response assumptions

- All price impacts from the sugar tax are passed through to the final consumers of SSBs. In response, consumers are assumed to decrease their consumption of SSBs.
 - This response effect largely offsets the increase in the retail price of beverages from the sugar tax, with the result that there is only a small change in the overall value of retail beverage sales and Goods and Services Tax (GST) revenue.
- Manufacturers are assumed to change the sugar content of some SSBs so that they are no longer subject to the sugar tax.
 - It is assumed that the closer a SSB's original average sugar content is to the threshold the more likely a manufacturer is to change the sugar content of a SSB.

Timing

- The sugar tax payments are assumed to be made to the Australian Taxation Office (ATO) weekly and in arrears, similar to alcohol excise payments. On a fiscal balance basis all sugar tax revenue is recognised in the week the tax is levied on the manufacturer or importer. On an underlying cash balance basis sugar tax receipts are recognised when they are collected by the ATO.
- On a fiscal balance basis all GST revenue is recognised in the year the tax is levied on the consumer. The payment of GST to the states and territories is recognised as an expense when GST is received by the Commonwealth.
- On an underlying cash balance basis GST receipts are recognised when they are collected by the ATO. This reflects the fact that GST payments are made to the ATO in arrears, and accounts for the fact that businesses can either remit their GST annually, quarterly, or monthly. In aggregate, it is assumed that a proportion of GST is received in year and the remainder is received in the next year.
- There is assumed to be no delay between the receipt of GST by the Commonwealth and associated payments to states and territories.

Methodology

The revenue impact of the proposal consists of the estimated amount of sugar tax and the estimated change in GST revenue. The impact on receipts was calculated by modifying the revenue impact to reflect timing of sugar tax collections and GST payments.

Sugar tax estimates were rounded to the nearest \$10 million. Impacts on GST were rounded to the nearest \$5 million. Departmental expense amounts were rounded to the nearest \$1 million.

Data sources

- Population Projections as at the 2016 Pre-election Economic and Fiscal Outlook
- ABS Consumer Price Index, Australia, March 2016
- ABS Australians Demographic Statistics, December 2015
- ABS Australian Health Survey: Nutrition First Results - Foods and Nutrients, 2011-12
- ABS Household Expenditure Survey, Australia: Summary of Results, 2009-10
- Retail World, 49th Annual Report - December 2015
- Sharma et al (2014), 'The Effects of Taxing Sugar-Sweetened Beverages Across Different Income Groups', Health Economics
- Capps and Hanselman (2012), 'A Pilot Study of the Market for Energy Drinks', Journal of Food Distribution Research
- Cawley & Frisvold (2015), 'The Incidence of Taxes on Sugar-Sweetened Beverages: The Case of Berkeley, California', National Bureau of Economic Research Working Paper
- 'How much sugar is in ...?', Rethink Sugary Drink website: www.rethinksugarydrink.org.au/how-much-sugar

Attachment A: Tackling Obesity: Sugar sweetened beverages—financial implications

The following tables include the detailed financial implications for this proposal.

Table A1: Tackling Obesity: Sugar sweetened beverages—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Revenue	390.0	545.0	555.0	570.0	2,060.0
<i>Sugar tax revenue</i>	<i>400.0</i>	<i>560.0</i>	<i>570.0</i>	<i>590.0</i>	2,120.0
<i>GST revenue</i>	<i>-10.0</i>	<i>-15.0</i>	<i>-15.0</i>	<i>-20.0</i>	-60.0
Expense	-4.0	8.0	8.0	13.0	25.0
<i>Administered - GST expense</i>	<i>10.0</i>	<i>15.0</i>	<i>15.0</i>	<i>20.0</i>	60.0
<i>Departmental expenses</i>	<i>-14.0</i>	<i>-7.0</i>	<i>-7.0</i>	<i>-7.0</i>	-35.0
Total	386.0	553.0	563.0	583.0	2,085.0

(a) A positive sign for the fiscal balance indicates an increase in revenue or 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.

(b) Figures may not sum to totals due to rounding.

Table A2: Tackling Obesity: Sugar sweetened beverages—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Receipts	390.0	535.0	555.0	570.0	2,050.0
<i>Sugar tax receipts</i>	<i>400.0</i>	<i>550.0</i>	<i>570.0</i>	<i>590.0</i>	2,110.0
<i>GST receipts</i>	<i>-10.0</i>	<i>-15.0</i>	<i>-15.0</i>	<i>-20.0</i>	-60.0
Outlays	-4.0	8.0	8.0	13.0	25.0
<i>Administered - GST outlays</i>	<i>10.0</i>	<i>15.0</i>	<i>15.0</i>	<i>20.0</i>	60.0
<i>Departmental outlays</i>	<i>-14.0</i>	<i>-7.0</i>	<i>-7.0</i>	<i>-7.0</i>	-35.0
Total	386.0	543.0	563.0	583.0	2,075.0

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

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Safe Schools
Summary of proposal:	The proposal would expand funding to the Safe Schools program to \$8 million annually. The proposal would have effect from 2016-17 until 2019-20.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	17 May 2016 http://robert-simms.greensmps.org.au/content/media-releases/australian-greens-launch-lgbtqi-policy-package-idahobit
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$31.5 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of \$30.0 million and in departmental expenses of \$1.5 million.

The proposal would not have an impact beyond the 2016-17 Budget forward estimates period as the proposal would terminate at the end of 2019-20 as specified in the request. A breakdown of the financial implications of the proposal across the forward estimates period is provided at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs.

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

Impact on (\$m)	2016-17	2017-18	2018-19	2019-20	Total
Fiscal balance	-6.3	-8.4	-8.4	-8.4	-31.5
Underlying cash balance	-6.3	-8.4	-8.4	-8.4	-31.5

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

Any contributions from the state and territory governments would have no impact on the specified Commonwealth funding for the program.

Methodology

Administered expenditure estimates are as specified in the request taking into account that the program already includes \$2.0 million of administered and some departmental funding in 2016-17. The departmental expenditure estimates are in addition to capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters.
- The Department of Education and Training (DET) advised that the Safe Schools program includes \$2.0 million in administered funding, and that this funding terminates on 30 June 2017.

Attachment A: Safe Schools—financial implications

Table A1: Safe Schools—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-6.0	-8.0	-8.0	-8.0	-30.0
Departmental - DET	-0.3	-0.4	-0.4	-0.4	-1.5
Total	-6.3	-8.4	-8.4	-8.4	-31.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Sustainable Water Institute
Summary of proposal:	The proposal would establish an independent, national Sustainable Water Institute within the Environment portfolio to administer a fund for key water innovation programs. Funding would be \$25 million for each year over the period 2017-18 to 2020-21. The proposal would have effect from 1 September 2016.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 June 2016
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Additional information requested (including date):	On 1 July 2016 the Parliamentary Budget Office sought clarification from the office of Senator Di Natale (the office) on the start date for the Sustainable Water Institute administered funding.
Additional information received (including date):	On 1 July 2016 the office confirmed that the start date for Sustainable Water Institute administered funding would be 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$81.2 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of \$75.0 million and departmental expenses of \$6.2 million.

The proposal would have an impact \$26.7 million in 2020-21. A breakdown of the financial implications of this proposal over the period 2016-17 to 2020-21 is provided at [Attachment A](#).

This costing is considered to be of high reliability as the estimates are based on capped administered funding with departmental funding comparable to similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1.3	-26.6	-26.6	-26.6	-81.2
Underlying cash balance	-1.3	-26.6	-26.6	-26.6	-81.2

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

(b) Figures may not sum to totals due to rounding.

Methodology

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to capped amounts and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices. The funding in 2016-17 represents start-up costs in order for the Institute to commence on 1 July 2017.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Sustainable Water Institute— financial implications

Table A1: Sustainable Water Institute—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020-21	Total to 2020–21
Fiscal and underlying cash balances – expenses/payments							
Administered	-	-25.0	-25.0	-25.0	-75.0	-25.0	-100.0
Departmental	-1.3	-1.6	-1.6	-1.6	-6.2	-1.7	-7.9
Total	-1.3	-26.6	-26.6	-26.6	-81.2	-26.7	-107.9

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	National Community Infrastructure Fund
Summary of proposal:	<p>The proposal would establish the National Community Infrastructure Fund (the Fund) to provide grants of \$100.0 million over four years. Grants would be available to eligible communities that can demonstrate a critical need for community facilities including:</p> <ul style="list-style-type: none"> • placemaking and social spaces • community gardens • hubs for education and training and small business support • recreation and exercise infrastructure, including gym and aquatic facilities • spaces that support services to young people • spaces to provide services including childcare and healthcare • creative hubs, co-working spaces, and meeting places. <p>The Fund would provide grants through merit-based funding rounds, with 70 per cent dedicated to outer metropolitan growth areas.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 http://greens.org.au/news/wa/greens-launch-national-community-infrastructure-fund
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$100.0 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$97.1 million and departmental expenses of \$2.9 million.

This proposal would not have financial implications outside the 2016-17 Budget forward estimates period as it is scheduled to conclude at the end of 2019-20. A breakdown of the financial implications over the 2016-17 Budget forward estimates period has been provided at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped amounts, and the application of administrative costs from within the capped amounts is based on similar programs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-25.0	-25.0	-25.0	-25.0	-100.0
Underlying cash balance	-25.0	-25.0	-25.0	-25.0	-100.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that:

- the full \$25.0 million (including departmental expenses) would be spent over the ten months of 2016-17 from the commencement date of 1 September 2016
- administrative expenses would be met from within the capped funding amount.

Methodology

Departmental expenditure estimates are accommodated within the capped funding amounts and are based on other like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered expenditure estimates are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

Data sources

The Department of Finance provided efficiency dividend and indexation parameters.

Attachment A: National Community Infrastructure Fund— financial implications

Table A1: National Community Infrastructure Fund—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-24.3	-24.3	-24.3	-24.3	-97.1
Departmental	-0.7	-0.7	-0.7	-0.7	-2.9
Total	-25.0	-25.0	-25.0	-25.0	-100.0

- (a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
- (b) Figures may not sum to totals due to rounding.



Policy costing—2016 post-election report

Name of proposal:	Infrastructure Bank: Financing the new economy
<p>Summary of proposal:</p>	<p>The proposal includes the following five components:</p> <p><u>Component 1 - Australian Infrastructure Bank</u></p> <p>This component would establish a new financing entity, the Australian Infrastructure Bank (the 'Bank'). The 'Bank' would be a statutory authority inside the general government sector. The 'Bank' would raise \$75,000 million over ten years through borrowings.</p> <p>Borrowings would be as follows:</p> <ul style="list-style-type: none"> • Tranche 1 - 25 per cent would be raised from 10-year bond issuances at 2.75 per cent. • Tranche 2 - 25 per cent would be raised from 15-year bond issuances at 3.00 per cent. • Tranche 3 - 25 per cent would be raised from 20-year bond issuances at 3.25 per cent. • Tranche 4 - 25 per cent would be raised from direct equity investments with an expected annual dividend of 3.25 per cent. <p>The profile of raising this finance would be \$75,000 million over 10 years with the annual amounts to reflect the annual change in the Consumer Price Index (CPI).</p> <p>Further, the Australian Office of Financial Management (AOFM) would be rolled into the 'Bank'.</p> <p><u>Component 2 - Redirecting polluting infrastructure</u></p> <p>This component would abolish the following programs/projects, while honouring contracts:</p> <ul style="list-style-type: none"> • Asset Recycling • Northern Australia Infrastructure Facility • WestConnex • East West Link • Perth Freight Link

	<ul style="list-style-type: none"> • Ipswich Motorway • Western Sydney Airport. <p>Unallocated and allocated-but-not-yet-contractually-committed funds would be returned to the budget.</p> <p><u>Component 3 - RenewAustralia</u></p> <p>This component would transition Australian electricity generation to 90 per cent renewable technologies by 2029-30. To achieve this target, this component would:</p> <ul style="list-style-type: none"> • establish RenewAustralia (RA) - a new government authority that would undertake contracts through reverse auctions for 150 terawatt hours (TWh) of renewable electricity generation with subsidies provided as grants. • establish RenewAustralia Corporation (RAC) - a public financial corporation which would receive equity injections from the Commonwealth Government to invest to construct 65 TWh of renewable electricity generating assets. The Commonwealth would borrow funds as needed in order to ensure RAC has sufficient capital to fund these projects. The Commonwealth Government would receive annual dividends from RAC equal to the revenue from the sale of electricity less operating and maintenance costs. • increase the Renewable Energy Target (RET) by 36.5 TWh in each year over the period 2019-20 to 2029-30, resulting in a total annual target for additional renewable energy of 69.5 TWh. <p><u>Component 4 - Affordable housing</u></p> <p>This component would establish the Affordable Housing Finance Corporation (AHFC) which would raise finance in order to provide loans to not-for-profit housing organisations to construct 7,200 new homes each year for 10 years. The AHFC would be part of the general government sector.</p> <p>The AHFC would raise \$2,040 million per year for 10 years from the following sources:</p> <ul style="list-style-type: none"> • 10 per cent would be sourced from Australian Government consolidated revenue. • 20 per cent would be sourced by issuing 'tax smart housing supply bonds' to retail investors. These bonds would pay a fixed interest rate of 5 per cent per annum (compounded monthly and paid annually) and mature after 10 years. Returns on these bonds would be tax-free for investors.
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- 70 per cent would be sourced by issuing 'AAA housing supply bonds' to wholesale/institutional investors. These bonds would pay a fixed interest rate of 5 per cent per annum (compounded monthly, paid annually) and mature after 10 years. The bonds would be guaranteed by the Australian Government.

Each year the AHFC would provide 2,400 loans of \$150,000 for homes built from prefabricated materials and 4,800 loans of \$350,000 for standard housing under the following arrangements:

- 10 per cent of the value of these loans would be provided at a concessional interest rate of zero per cent per annum. These loans would be for a period of 10 years with the principal repaid on an annual basis.
- 20 per cent of the value of these loans would be provided at an interest rate of 6 per cent per annum (compounded monthly, payable annually). The loans would be for a period of 10 years with the principal repaid at maturity.
- 70 per cent of the value of these loans would be provided at an interest rate of 5 per cent per annum (compounded monthly, payable annually). The loans would be for a period of 10 years with the principal repaid at maturity.

Departmental expenses for this proposal would be capped at \$10 million per year.

Component 5 - Infrastructure projects

This component would provide \$12,050 million over the 2016-17 Budget forward estimates for the following areas of infrastructure:

- \$10,000 million for public transport.
- \$1,000 million for active transport.
- \$500 million for freight rail.
- \$300 million for blackspot funding.
- \$250 million for arterial road upgrades.

Funding provided to state, territory and local governments would be through concessional loans.

There would be four tranches of concessional loans, and the amount of loans entered into each year and the length of the loan contracts would mirror the terms of the four tranches for the raising of funds under Component 1 with the following caveats:

For loan Tranches 1 to 3 - interest rates would be half of the borrowing cost.

	For loan Tranche 4 - the interest rate would be the same as the cost of raising these funds. All components of this proposal would have effect from 1 September 2016.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

Since the private sector cannot hold equity in the general government sector, the Parliamentary Budget Office (PBO) has treated Tranche 4 of Component 1 of the proposal as a long-term borrowing via the issue of 30-year bonds at 3.25 per cent. Consistent with the specification of this proposal, loans funded from Tranche 4 borrowings would have the same interest rate as the cost of the borrowings.

The proposal would decrease the fiscal balance by \$1,950 million, decrease the underlying cash balance by \$2,200 million and decrease the headline cash balance by \$29,130 million over the 2016-17 Budget forward estimates period.

The *Methodology* section provides information on how the impacts on each budget balance were calculated. As the proposal affects financial asset transactions, the public debt interest (PDI) impact of the proposal has been included in this costing.

The proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period. The impact of the proposal over 2016-17 to 2026-27 is provided at [Attachment A](#). Further disaggregation of the impact of the proposal by component is provided at [Attachment B](#). A breakdown of the departmental impact of the proposal is provided at [Attachment C](#).

This costing is considered to be of very low reliability as:

- for Component 1, there is uncertainty around the demand for the specified financing activities
- for Component 2, while project expenditure estimates and contractual commitments for projects were provided by the Department of Infrastructure and Regional Development (DIRD) and the Department of the Treasury (The Treasury), there is uncertainty about the level of funding that would be contractually uncommitted and able to be returned to the Commonwealth at 1 September 2016
 - In addition, the PBO has made no judgements about Commonwealth liability for contractual commitments not fulfilled by ceasing Commonwealth funding, or the ability for the Commonwealth to retrieve East West Link funds from the Victorian Government.

- for Component 3, there is uncertainty regarding technology-specific construction and operation costs, and modelling the electricity sector generally is complex
- for Component 4, estimates are subject to a number of assumptions.
 - In addition, the PBO has not undertaken any analysis of whether or not the prescribed funding amounts are adequate to achieve the activities outlined, including whether the capped funding for the AHFC would be sufficient for it to administer the proposed activities or the adequacy of the proposed loan amounts.
 - Further, the impact of this proposal on property markets is highly uncertain. The PBO has not included any impacts on property prices or the supply and demand of residential and non-residential properties in this costing.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	2,100	-270	-1,550	-2,230	-1,950
Underlying cash balance	2,120	-470	-1,660	-2,190	-2,200
Headline cash balance	-730	-5,220	-8,610	-14,580	-29,130

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that:

- Any annual finance raised through the proposal that is not expensed would be utilised for other Commonwealth expenses in that year, and any annual shortfalls in finance would be met through general Commonwealth borrowings.

Component 1 - Australian Infrastructure Bank

All specified finance activities would be fully subscribed.

- Bond issuances would be Australian Government Treasury Bonds with a fixed coupon over the life of the security.
- Rates of interest offered in bond issuances in years beyond 2016-17 would be at the rates projected in the 2016-17 Budget.
- The merging of the AOFM with the 'Bank' would have no impact on current AOFM estimates.

Component 2 - Redirecting polluting infrastructure

Asset Recycling

- For the purpose of this response, the National Partnership Agreement is not considered a legally enforceable contract. For this reason the term “committed” has been determined by the PBO to reflect amounts that have been paid to jurisdictions.

Northern Australia Infrastructure Facility

- The Facility would provide a number of loans totalling \$1,000 million each year over a five year period from 2016-17 to 2020-21.
 - \$1,000 million of loans would be contractually committed in 2015-16 and issued in 2016-17.
- In relation to the terms under which loans are to be issued, including the concessional rate of interest and the loan period, the PBO has made assumptions for modelling purposes only. The PBO has assumed the loans would be issued as long-term loans at below-market rates. These assumptions are not intended to provide any indication of the loan terms, including interest rates, for loans issued by the Facility. Loan terms for each loan issued by the Facility would be negotiated on a case-by-case basis with individual borrowers.

East West Link

- The full return of the \$1,500 million of East West Link project funds would occur in 2016-17.

Component 3 - RenewAustralia

- Capital expenditure would take place one year prior to capital becoming operational. As such, no additional generating capacity can come on line prior to 2017-18.
- The RAC would use revenue from electricity generation to fund operation and maintenance costs.
- The level of subsidy provided by the auction would be sufficient for new entrant generators to obtain the necessary financing for construction.
- Renewable generation sufficient to meet the expanded RET would be distributed across renewable generating technologies consistent with the baseline distribution.

A detailed breakdown of the specifications used is provided at [Attachment D](#).

Component 4 - Affordable housing

- The rates of interest on the non-zero interest AHFC loans to not-for-profit housing institutions are at rates that approximate non-concessional rates for those borrowers.
- Investors in the tax smart housing supply bonds are assumed to have an average marginal tax rate of 35 per cent.
- The AHFC is assumed to issue bonds at the start of the financial year.
- The AHFC would on-lend funds during the same periods that the funds are raised.

Component 5 - Infrastructure projects

- The amounts of loans provided to state, territory and local governments each year would be 50 per cent of the funding for infrastructure projects, based on the nature of the specified projects.

Methodology

A range of different methodologies has been employed across the components of the proposal. All components are rounded to the nearest \$10 million.

Component 1 - Australian Infrastructure Bank

Borrowing costs for the \$75,000 million were derived based on applying The Treasury projections of Australian Government Treasury Bond yields to the specified profile of bond issuances.

The impact of total departmental expenditure for the 'Bank' to undertake the specified financing activities, the provision of loans, and to subsume the AOFM was derived by proportionally increasing the AOFM's departmental estimates based on the increase in funds that would be managed by the entity (compared to current funds managed by the AOFM), accounting for fixed costs.

Component 2 - Redirecting polluting infrastructure

Asset Recycling, East West Link, Perth Freight Link, Ipswich Motorway and Western Sydney Airport

The impact of the proposal on administered expenditure was derived as current Commonwealth funding estimates less contractual commitments at 1 September 2016. The impact of these elements of the proposal on the fiscal, underlying cash and headline cash balances are equal.

Northern Australia Infrastructure Facility

The PBO projected the gross cost of establishing the Facility by applying concessional loan discount and interest calculations to the assumption that \$1,000 million of loans would be issued each year over five years. The financial impacts are then derived by taking the difference between the projected gross cost of the Facility and the gross cost of the Facility at the specified abolition date of 1 September 2016.

Savings from departmental funding are estimated by reversing departmental costs for the years in which no further new loans would be issued, and include further departmental funds provided in the 2016-17 Budget.¹

WestConnex

The reversal of funding for infrastructure projects also includes the impact of not proceeding with the concessional financing of the WestConnex project.

1 2016-17 Budget measure, *Establishment of the Northern Australian Infrastructure Facility*.

Component 3 - RenewAustralia

In costing this request, baseline generation and electricity prices were estimated out to 2029-30 based on data from the Department of Industry, Innovation and Science (generation), adjusted for the increased expansion of the RET, and the Australian Energy Market Operator (wholesale prices). This baseline was then adjusted to include each component of the proposal sequentially.

Reverse auction

The reverse auction element of this component is the mechanism through which the Commonwealth would provide subsidies to various solar technologies to make them financially viable for the private operators. In costing the auction, technology-specific costs of generation were used as a proxy for wholesale electricity prices. These costs incorporated projected capital costs, operating and maintenance costs, and (in the case of non-renewable generation technologies) fuel costs. The difference between technology-specific wholesale prices and the market wholesale price represents the required annual income transfer required to meet the annual generation targets. The net present value of the annual income transfers required is spread over fifteen years to produce the necessary subsidy base.

Construction of electricity generating assets

The RAC would finance construction of additional electricity generation capacity of both solar thermal and solar thermal with storage technologies. There are three key factors in this component of the costing: capital costs; operational and maintenance costs; and revenue from electricity generated.

The RAC would receive equity injections from the Commonwealth Government to undertake capital construction of renewable electricity generation assets. The Commonwealth would exchange one financial asset (cash) for another (an equity stake in RAC), which has no direct impact on the budget. The cost of financing the equity injection, the PDI, would impact the budget.

Revenue from the sale of electricity net of operation and maintenance costs is distributed to the Commonwealth as an annual dividend. For the fiscal and underlying cash balances the cost to the budget is the difference between the PDI and the revenue received by the Commonwealth, with the headline cash balance also incorporating capital injections.

Component 4 - Affordable housing

Zero interest social housing growth loans

This component of the costing has been estimated by calculating the associated cash flows and the impact on PDI from raising \$204 million per year for 10 years and on-lending it at a rate of zero per cent per annum. The estimate includes a concessional loan discount component which reflects the difference between the concessional rate charged on loans made by the AHFC (zero per cent) and the comparative rate the market would apply to these loans.

Tax smart housing supply loans

This component of the costing has been estimated by calculating the cash flows associated with the AHFC issuing bonds (to retail investors) and on-lending to non-profit housing organisations.

The underlying cash and fiscal balance implications largely represent the interest receipts on the loans and the payment of interest (PDI) on the bonds. The headline cash balance recognises the loan amounts from AHFC to housing providers and the repayments made.

The revenue and receipt estimates also include a negative amount associated with providing tax exemptions for returns on investment in these bonds by retail investors. The timing of each year's tax revenue implications would occur when income tax returns are assessed, that is, in the next financial year.

AAA housing supply loans

This component of the costing has been estimated by calculating the cash flows associated with the AHFC issuing bonds (to wholesale investors) and on-lending to non-profit housing organisations.

The underlying cash and fiscal balance implications of these bonds largely represent the interest receipts on the loans and the PDI on the bonds. The headline cash balance recognises the loan principal amounts from AHFC to housing providers.

The AAA housing supply bonds include a Government guarantee which provides an incentive to the institutional investors to invest but does not have direct implications on the budget bottom line.

Overall

As specified, the departmental expenses of the AHFC are capped at \$10 million per annum.

Component 5 - Infrastructure projects

The administered expense impacts were derived as half of the total of the specified infrastructure projects.

The loan impacts were derived by developing a concessional loan model to cost the impact of loans on administered expenditure and revenue.

Each of the four specified loan tranches were modelled, accounting for the annual variance in the concessional interest rates and with the loan terms reflecting those of the corresponding capital raisings from Component 1.

Data sources

Component 1 - Australian Infrastructure Bank

The Treasury provided projections of Australian Government Treasury bond yields.

Australian Office of Financial Management 2016-17 Portfolio Budget Statements.

Australian Bureau of Statistics 5512.0 - Government Finance Statistics, Australia.

Component 2 - Redirecting polluting infrastructure

The Department of Finance - RMG 115 - Accounting for concessional loans

<http://www.finance.gov.au/resource-management/reporting-accounting/accounting-guidance/>.

DIRD provided whole-of-agency infrastructure expenditure estimates and commitments at 1 July 2016.

The Treasury provided:

- the WestConnex costing model
- Asset Recycling expenditure estimates and current commitments
- advice on the return of Commonwealth funds for the East West link.

2015-16 Budget measure, Developing Northern Australia - Northern Australia Infrastructure Facility (2015-16 Budget Paper No. 2, p174).

2016-17 Budget measure, Establishment of the Northern Australian Infrastructure Facility (2016-17 Budget Paper No. 2, p127).

Component 3 - RenewAustralia

ACIL-Allen consulting report, Electricity Sector Emissions - Modelling of the Australian Electricity Sector (2013) in support of the Climate Change Authority's Targets and Progress Review (2013).

AEMO, <http://forecasting.aemo.com.au/AnnualConsumption>.

Commonwealth Scientific and Industrial Research Organisation publication, Pathways to deep decarbonisation in 2050: How Australia can prosper in a low carbon world (2014) in support of the Climate Works' publication Pathways to deep decarbonisation in 2050 (2014).

Department of Industry, Innovation and Science, Australian Energy Projections to 2049-50 (2014).

Department of Industry, Innovation and Science, 2015 Australian Energy Statistics Update (2015).

Component 4 - Affordable housing

Assumptions for the housing supply bond structure are 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 rates are based on 10-year Australian Government Treasury Bond rate in Reserve Bank of Australia (2016) 'Statistical Tables: Capital Market Yields - Government Bonds - Monthly', March 2016.

Attachment A: Infrastructure Bank: Financing the new economy—financial implications

Table A1: Infrastructure Bank: Financing the new economy—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal balance	2,100	-270	-1,550	-2,230	-1,950	-1,070	-2,300	-3,330	-4,450	-5,610	-6,800	-7,690	-33,200
Underlying cash balance	2,120	-470	-1,660	-2,190	-2,200	-1,260	-2,140	-3,180	-4,310	-5,480	-6,690	-7,630	-32,890
Headline cash balance	-730	-5,220	-8,610	-14,580	-29,130	-11,960	-13,860	-14,920	-15,850	-16,830	-15,760	-14,260	-132,580

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Attachment B: Infrastructure Bank: Financing the new economy—financial implications disaggregated by component

Table B1: Infrastructure Bank: Financing the new economy—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Australian Infrastructure Bank	-10	-10	-10	-10	-30	-10	-10	-10	-10	-10	-10	-10	-100
Redirecting polluting infrastructure	3,170	1,760	770	530	6,230	200	-160	-180	-210	-230	-240	-240	5,170
RenewAustralia	-	-50	-250	-400	-700	-510	-730	-880	-980	-990	-950	-990	-6,720
Affordable housing	50	150	250	340	780	440	530	630	720	810	910	840	5,670
Infrastructure projects	-960	-1,880	-1,860	-1,890	-6,590	170	170	170	170	170	180	170	-5,400
Financing costs/PDI ^(c)	-150	-240	-450	-800	-1,640	-1,360	-2,110	-3,050	-4,150	-5,370	-6,670	-7,460	-31,830
Total	2,100	-270	-1,550	-2,230	-1,950	-1,070	-2,300	-3,330	-4,450	-5,610	-6,800	-7,690	-33,200

(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.

(b) Figures may not sum to totals due to rounding.

(c) These impacts are the net of effect of all components.

- Indicates nil.

Table B2: Infrastructure Bank: Financing the new economy—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Australian Infrastructure Bank	-10	-10	-10	-10	-30	-10	-10	-10	-10	-10	-10	-10	-100
Redirecting polluting infrastructure	3,030	1,300	400	300	5,030	20	10	-40	-80	-120	-160	-150	4,510
RenewAustralia	-	-50	-250	-400	-700	-510	-730	-880	-980	-990	-950	-990	-6,720
Affordable housing	-10	80	170	260	510	350	440	540	630	720	810	900	4,890
Infrastructure projects	-830	-1,640	-1,630	-1,660	-5,760	120	120	120	120	120	120	110	-4,960
Financing costs/PDI ^(c)	-60	-150	-340	-690	-1,230	-1,240	-1,970	-2,900	-3,980	-5,200	-6,490	-7,500	-30,520
Total	2,120	-470	-1,660	-2,190	-2,200	-1,260	-2,140	-3,180	-4,310	-5,480	-6,690	-7,630	-32,890

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

(b) Figures may not sum to totals due to rounding.

(c) These impacts are the net of effect of all components.

- Indicates nil.

Table B3: Infrastructure Bank: Financing the new economy—Headline cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Australian Infrastructure Bank	-10	-10	-10	-10	-30	-10	-10	-10	-10	-10	-10	-10	-100
Redirecting polluting infrastructure	3,670	3,000	1,870	1,250	9,790	890	-120	-170	-210	-250	-290	-280	9,360
RenewAustralia	-630	-2,810	-4,980	-9,990	-18,410	-10,140	-10,400	-10,590	-10,520	-10,340	-10,100	-9,930	-90,440
Affordable housing	-2,030	-1,920	-1,810	-1,700	-7,450	-1,580	-1,470	-1,360	-1,250	-1,140	810	2,920	-10,530
Infrastructure projects	-1,670	-3,330	-3,340	-3,440	-11,790	120	120	120	120	120	330	530	-10,350
Financing costs/PDI ^(c)	-60	-150	-340	-690	-1,230	-1,240	-1,970	-2,900	-3,980	-5,200	-6,490	-7,500	-30,520
Total	-730	-5,220	-8,610	-14,580	-29,130	-11,960	-13,860	-14,920	-15,850	-16,830	-15,760	-14,260	-132,580

(a) A positive number for the headline cash balance indicates an increase in cash flows. A negative number for the headline cash balance indicates a decrease in cash flows.

(b) Figures may not sum to totals due to rounding.

(c) These impacts are the net of effect of all components.

Attachment C: Infrastructure Bank: Financing the new economy—departmental impacts

Table C1: Infrastructure Bank: Financing the new economy—departmental impacts (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Australian Infrastructure Bank	-10	-10	-10	-10	-30	-10	-10	-10	-10	-10	-10	-10	-100
Redirecting polluting infrastructure	-	10	10	10	30	20	10	-	-	-	-	-	60
RenewAustralia ^(c)	-	-	-	-	-	-	-	-	-	-	-	-	-
Affordable housing	-10	-10	-10	-10	-40	-10	-10	-10	-10	-10	-10	-10	-110
Infrastructure projects ^(d)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-20	-10	-10	-10	-40	..	-10	-20	-20	-20	-20	-20	-150

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

(c) Departmental expenses for RenewAustralia are provided for under a separate costing.

(d) Departmental expenses for infrastructure projects are provided for under the Australian Infrastructure Bank.

- Indicates nil.

.. Indicates not zero but rounded to zero.

Attachment D: RenewAustralia Authority—specification

Table D1: Cumulative additional generation targets under the proposal^(a)

(\$m)	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30
RET ^(b)														
Wind	4.1	17.7	40.8	73.5	106.2	139.0	171.9	204.8	237.7	270.7	303.7	336.8	369.9	403.0
Solar photovoltaic	0.5	2.1	4.9	8.7	12.4	16.1	19.8	23.4	27.0	30.5	33.9	37.4	40.8	44.1
RET total	4.6	19.8	45.6	82.1	118.6	155.1	191.6	228.1	264.6	301.1	337.6	374.1	410.6	447.1
Auction ^(c)														
Solar photovoltaic	-	1.7	6.1	9.9	13.7	20.6	27.4	34.3	41.1	48.0	49.5	49.5	49.5	49.5
Solar thermal	-	1.1	4.6	7.6	10.7	15.2	19.8	24.4	28.9	33.5	42.1	51.8	61.5	71.2
Solar thermal with storage	-	-	0.8	1.5	2.3	4.6	6.9	9.1	11.4	13.7	17.3	21.3	25.3	29.3
Auction total	-	2.9	11.4	19.0	26.6	40.4	54.1	67.8	81.5	95.2	108.9	122.6	136.3	150.0
RAC ^(d)														
Solar thermal	-	0.4	1.6	3.8	7.7	11.2	14.5	17.5	20.5	23.5	26.5	29.5	32.5	35.5
Solar thermal with storage	-	-	0.4	1.3	3.4	5.8	8.5	11.5	14.5	17.5	20.5	23.5	26.5	29.5
RAC total	-	0.4	2.0	5.0	11.0	17.0	23.0	29.0	35.0	41.0	47.0	53.0	59.0	65.0

- (a) Figures may not sum to totals due to rounding.
 - (b) Aggregate RET target was imposed in line with the proposal received. The PBO has distributed this between wind and solar photovoltaic generation based on existing levels of generation.
 - (c) The auction target in 2029-30 and shares of new generation by technology type were imposed in line with the proposal received. The PBO has delayed the commencement of new generation capacity to 2017-18 to reflect lags in construction.
 - (d) Aggregate targets, targets in key years, and shares of annual new generation by technology type were imposed in line with the proposal received. The PBO has delayed the commencement of new generation capacity to 2017-18 to reflect lags in construction.
- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Putting a price back on pollution
Summary of proposal:	<p>This proposal has two components:</p> <p><u>Component 1 - Reinstating the carbon pricing mechanism</u></p> <p>This component would reintroduce a carbon price from 1 July 2017 with the same specifications that would have applied under the former carbon pricing mechanism had it not been repealed, except for the following adjustments:</p> <ul style="list-style-type: none"> • The price would be fixed and would start at \$25.40 per tonne and be indexed each year by the consumer price index (CPI). • Emissions-intensive trade-exposed industries would receive 66 per cent of their emissions permits free in the first year, with this percentage declining by 3 percentage points each year. • There would be no financial compensation or free permits for the coal generation sector. • There would be no free permits for fugitive emissions from mining. • International linkage with the European Union or foreign credits would not be permitted, with all permits required to be sourced from domestic abatement, until the Climate Change Authority advises the Government that there is a rigorous market for Australia to sell permits into. <p><u>Component 2 - Household carbon price compensation</u></p> <p>This component would reinstate payments that formed the Clean Energy Household Assistance Package at the level that they would have reached had indexation been ongoing since 20 September 2014, plus an additional 30 per cent, and resume indexation from this point.</p>

	<p>This would involve the following:</p> <ul style="list-style-type: none"> • Providing a payment equivalent to the first Clean Energy Advance on 1 July 2017, at an amount equal to the indexed original amount. • Re-indexing the Clean Energy Supplement to the CPI. • Continuing the Low Income Supplement / Low Income Family Supplement payments from 1 July 2017. • Maintaining the Essential Medical Equipment Payment. <p>Maintaining the Single Income Family Supplement.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to increase the fiscal balance by \$17,434 million and increase the underlying cash balance by \$15,414 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, this impact reflects an increase in revenue of \$27,640 million and an increase in expenses of \$10,206 million over this period.

The proposal would be expected to have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

Detailed financial implications are provided at [Attachment A](#).

The impact on the underlying cash balance differs from the impact on the fiscal balance for a number of reasons, including:

- Revenues from permit sales are recognised on a fiscal balance basis in the vintage year of permits sold (the year in which emissions occur), while the cash receipts are recognised when the cash payments for permits are made. The majority of permits would be purchased within the vintage year with the remainder being purchased in the following year.
- Free carbon permits are recognised as permit revenue (in the same manner as permits sold) and as an offsetting expense on a fiscal balance basis, but not on an underlying cash balance basis. Free carbon permits impact the underlying cash balance indirectly by reducing the number of permits that are sold.
- The buy-back of free permits has an impact on the underlying cash balance (reflecting the buy-back payments) but does not impact the fiscal balance (as the expense is recognised when the permit is issued).

- There is a difference between when fuel tax credit expenses are incurred and when they are actually paid.
- There is a difference between when revenue from levies on synthetic greenhouse gases (SGGs) and excise on aviation and non-transport gaseous fuels is recognised and when it is received.

Additional departmental costs associated with the administration of the carbon pricing mechanism and household compensation are estimated to be \$203 million per annum, plus an additional \$202 million in the first year to establish the scheme. This is based on an estimate of the cost of administering the former carbon pricing mechanism relative to the cost of administering current emissions reduction policies.

Estimates of departmental expenditure are considered to be of low to medium reliability due to the complexity of separately identifying the costs of administering the carbon pricing mechanism from the total costs associated with administering the previous Clean Energy Future policy. The costing does not include potential efficiencies from utilising work on the former carbon pricing mechanism.

Estimates relating to reinstating the carbon pricing mechanism are considered to be of low reliability, as the magnitude and timing of carbon emission reductions in response to the carbon price is uncertain and could significantly impact on costing estimates.

Estimates relating to the household carbon price compensation are considered to be of medium reliability. While these estimates are based on detailed administrative data from the Department of Social Services (DSS), these estimates include assumptions that would be sensitive to changes in economic and demographic factors.

Reinstating the carbon pricing mechanism would have broader macroeconomic impacts, including on consumer prices, and consequently increase Government payments which are indexed to the CPI. However it is difficult, and not particularly meaningful, to quantify these impacts in isolation. Broader macroeconomic impacts of this proposal have not been included in this costing as the size, timing and direction of these impacts would depend on how the additional revenue was utilised.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	4,725.0	6,442.0	6,267.0	17,434.0
Underlying cash balance	-	2,735.0	6,412.0	6,267.0	15,414.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

Component 1 - Reinstating the carbon pricing mechanism

General assumptions

The proposed scheme is intended to mirror the carbon pricing mechanism which came into effect on 1 July 2012 and was repealed from 1 July 2014, except for some adjustments. The key features of the proposed scheme are that:

- the carbon price would operate at a fixed price that would be indexed to CPI
- international linkage (foreign permits) would not be permitted
- coverage would be the same as the previous scheme, which covered around 60 per cent of domestic emissions, applying to entities responsible for facilities which have scope 1 emissions (direct emissions) of more than 25,000 tonnes of carbon dioxide equivalent in a given financial year
- certain transport emissions and synthetic greenhouse gases would not be directly covered by the carbon price but would be subject to an effective carbon charge, through reduced fuel tax credits and higher excise and customs duties.

Emissions

A profile for carbon emissions in the costing has been assumed based on the Department of the Environment's emissions projections 2015-16 interim update.

- It is assumed that, based on the experience of the former carbon pricing mechanism, emissions would decline in response to the introduction of the proposed carbon price.
- It is assumed that the Climate Change Authority would not advise the Government that there is a rigorous market for Australia to sell permits into within the 2016-17 Budget forward estimates period.

Component 2 - Household carbon price compensation

The proposed compensation is intended to restore the Clean Energy Household Assistance Package as originally specified in 2012, with the following adjustments:

- A 30 per cent increase to the indexed payment amounts for all ongoing payments.
- The payment of a second Clean Energy Advance (CEA) would occur on 1 July 2017 (the commencement date of the reinstated carbon price). The previous CEA was a one-off lump sum payment that was made in May 2012 prior to the commencement of the carbon pricing mechanism on 1 July 2012.

Methodology

Component 1 - Reinstating the carbon pricing mechanism

The fiscal balance impact of reinstating the carbon pricing mechanism has been estimated by multiplying the expected carbon price in each financial year by the total amount of permits that would be needed for each vintage year to discharge the emissions obligation of liable entities, taking into account estimates of free permit allocations.

Estimates of free permit allocations were based on data published by the Clean Energy Regulator relating to free carbon units issued under the Jobs and Competitiveness Program included in the *Clean Energy Act 2011*. Adjustments were made to reflect differences in the proposal.

The underlying cash balance impact was estimated by adjusting the fiscal balance estimates of carbon permit revenue to reflect the timing of the payment and surrender process that was used in the former carbon pricing mechanism, and to account for the impact of free permits.

Estimates of carbon pricing revenue and associated additional departmental expenditure have been rounded to the nearest \$50 million.

Estimates of the impact of the carbon pricing proposal on revenue from taxes on synthetic greenhouse gases and aviation fuel have been rounded to the nearest \$10 million.

Estimates of the impact of the carbon pricing proposal on fuel tax credit expenditure have also been rounded to the nearest \$10 million.

Component 2 - Household carbon price compensation

The reversal of the cancellation of the Energy Supplement for new entrants from 20 September 2016 was estimated using the DSS 2016-17 Budget estimates model.

The CEA payment expense was calculated by uprating the original CEA total costs published in the 2011-12 Mid-Year Economic and Fiscal Outlook report to 1 July 2017.

The Clean Energy Supplement indexation administered expenses for the 2016-17 Budget forward estimates period were estimated using the Policy Evaluation Model (PoEM) from DSS, which simulates the Australian Government personal income tax and transfer payments at the family level using administrative data for payment recipients.

The remaining elements of this component were calculated by multiplying projected payment populations by the relevant average payment increase.

The departmental expenses for the Department of Human Services (DHS) were estimated by multiplying the number of new payment recipients by the unit price of administering each payment from the DHS Funding Model.

The administered expense estimates were rounded to the nearest \$5 million, and the departmental expense estimates were rounded to the nearest \$1 million.

Data sources

- *Tracking to 2020: an interim update of Australia's greenhouse gas emissions projections* <https://www.environment.gov.au/climate-change/publications/tracking-to-2020>.
- Details of the previous carbon pricing mechanism were obtained from the explanatory memorandum for the *Clean Energy Bill 2011* <https://www.legislation.gov.au/Details/C2011B00166/Explanatory%20Memorandum/Text>.
- Details of free carbon permits were obtained from the Clean Energy Regulator <http://www.cleanenergyregulator.gov.au/Infohub/Data-and-information/Pages/Jobs-and-competitiveness-program-issued-units.aspx>.
- 2014-15 Budget Paper No. 2.
- 2016-17 Budget Paper No. 2.
- 2011-12 Mid-Year Economic and Fiscal Outlook.
- Policy Evaluation Model, Department of Social Services.
- Department of Social Services costing model for 2016-17 Budget measure, *National Disability Insurance Scheme Savings Fund*.
- Department of Human Services Funding Model - Unit Prices for National Policy Proposals.
- Department of Finance indexation and efficiency dividend parameters.

Attachment A: Putting a price back on pollution— financial implications

Table A1: Putting a price back on pollution—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Revenue	-	9,310.0	9210.0	9120.0	27,640.0
Carbon permit sales	-	8,800.0	8,700.0	8,600.0	26,100.0
Levy on SGGs	-	240.0	230.0	230.0	700.0
Excise on aviation and non-transport gaseous fuels	-	270.0	280.0	290.0	840.0
Expenses	-	-4,585.0	-2,768.0	-2,853.0	-10,206.0
<i>Administered</i>					
Free permits	-	-2,250.0	-2,100.0	-2,000.0	-6,350.0
Buy-back of free permits	-	-	-	-	-
Fuel tax credits	-	740.0	770.0	780.0	2,290.0
Household compensation	-	-2,670.0	-1,235.0	-1,430.0	-5,335.0
<i>Departmental</i>					
Carbon pricing mechanism	-	-400.0	-200.0	-200.0	-800.0
Household compensation	-	-5.0	-3.0	-3.0	-11.0
Total	-	4,725.0	6,442.0	6,267.0	17,434.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Putting a price back on pollution—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Receipts	-	5,810.0	7,710.0	7,720.0	21,240.0
Carbon permit sales	-	5,400.0	7,200.0	7,200.0	19,800.0
Levy on SGGs	-	180.0	230.0	230.0	640.0
Excise on aviation and non-transport gaseous fuels	-	230.0	280.0	290.0	800.0
Outlays	-	-3,075.0	-1,298.0	-1,453.0	-5,826.0
<i>Administered</i>					
Free permits	-	-	-	-	-
Buy-back of free permits	-	-670.0	-630.0	-600.0	-1,900.0
Fuel tax credits	-	670.0	770.0	780.0	2,220.0
Household compensation	-	-2,670.0	-1,235.0	-1,430.0	-5,335.0
<i>Departmental</i>					
Carbon pricing mechanism	-	-400.0	-200.0	-200.0	-800.0
Household compensation	-	-5.0	-3.0	-3.0	-11.0
Total	-	2,735.0	6,412.0	6,267.0	15,414.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	End Emissions Reduction Fund & Wind Farm Commissioner
Summary of proposal:	<p>The proposal has two components:</p> <ul style="list-style-type: none">• Component 1 - Abolish the Emissions Reduction Fund (ERF).• Component 2 - Abolish the National Wind Farm Commissioner (NWFC). <p>All financial obligations of contracts awarded before the abolition would be honoured.</p> <p>The policy would have effect from 1 September 2016.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update or the completion of the next ERF auction round

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$317.3 million over the 2016-17 Budget forward estimates period. This is due to a \$316.1 million decrease in administered expenses and a \$1.2 million decrease in departmental expenses.

Component 1 (abolish the ERF) would have financial implications beyond 2019-20 until all uncommitted amounts from the initial \$2.55 billion ERF commitment are exhausted.¹ Component 2 (abolish the NWFC) would not have financial implications beyond the 2016-17 Budget forward estimates period as the program is scheduled to conclude in 2018-19. Detailed financial implications of the proposal over the 2016-17 Budget forward estimates period are included at [Attachment A](#).

1 Page 54 of the Department of the Environment 2015-16 Portfolio Budget Statements states that the ERF “consists of an initial \$2.55 billion” commitment. This is consistent with the figure stated in the Coalition’s Direct Action Plan 2010.

Component 1 would not be expected to have any impact on departmental costs as no departmental funding was provided in the original 2014-15 Budget measure.² Component 2 entirely reflects a reduction in departmental expenses.

The costing is considered to be of medium reliability, due to the medium reliability of each of the two components.

- Component 1 - While official estimates of annual ERF funding have been provided to 2019-20, the profile of contractually committed payments has been estimated by the Parliamentary Budget Office (PBO) (as the Department of the Environment has advised that the timing of contractual commitments under the ERF is commercial in confidence).
- Component 2 - While NWFC program expenditure estimates were provided by the Department of the Environment, the level of contractual commitments at 1 September 2016 is uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	81.7	77.5	78.2	79.9	317.3
Underlying cash balance	81.7	77.5	78.2	79.9	317.3

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

(d) Figures may not sum to totals due to rounding.

Key assumptions

Component 1

Uncommitted funds not utilised by the end of the relevant financial year are assumed to not be available to be carried forward. Uncommitted funds at the end of 2014-15 and 2015-16 are therefore assumed to be returned to the budget and not be available as a saving under the proposal.

Methodology

Component 1

The ERF funding over 2014-15 to 2019-20 was provided by the Department of the Environment.

2 The 2014-15 Budget measure, *Emissions Reduction Fund – establishment* stated that the cost of administering the ERF would be met from within existing resources of the Department of the Environment and the Clean Energy Regulator.

The Clean Energy Regulator has announced \$1.7 billion in commitments following ERF auctions:

- On 23 April 2015 the commitment of \$660.5 million from the first ERF auction.
- On 12 November 2015 the commitment of \$557 million from the second ERF auction.
- On 5 May 2016 the commitment of \$516 million from the third ERF auction.

As the profile of the committed \$1.7 billion is not available due to commercial in confidence concerns, the PBO has apportioned the committed funds by using the ratio of the ERF funding estimate in each respective year to the total commitment of \$2.55 billion.

The financial impact of abolishing the ERF was then derived by taking the difference between the ERF funding and contractually committed funds.

Component 2

The expenditure estimates provided by the Department of the Environment for 2016-17 to 2018-19 (conclusion of the program) were adjusted to exclude the estimated amount of contractual commitments as at 1 September 2016, and the saving from abolishing this program was estimated as the remaining uncommitted amount.

Data sources

The Coalition's Direct Action Plan

2010: <http://www.greghunt.com.au/Portals/0/PDF/TheCoalitionsDirectActionPlanPolicy2010.pdf>.

The 2014-15 Budget measure, *Emissions Reduction Fund - establishment*, page 102.

Clean Energy Regulator announcement of results from the first ERF auction, 23 April 2015: <http://www.cleanenergyregulator.gov.au/ERF/Auctions-results/april-2015>

Clean Energy Regulator announcement of results from the second ERF auction, 12 November 2015: <http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=188>.

Clean Energy Regulator announcement of results from the third ERF auction, 5 May 2016: <http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=253>.

The Department of the Environment provided expenditure estimates for the ERF over the period 2014-15 to 2019-20, and for the NWFC over the period 2016-17 to 2018-19.

Attachment A: End Emissions Reduction Fund & Wind Farm Commissioner—financial implications

**Table A1: End Emissions Reduction Fund & Wind Farm Commissioner—
Financial implications^{(a)(b)}**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Component 1 – Abolish the Emissions Reduction Fund					
Administered expenses	81.4	76.8	78.0	79.9	316.1
Component 2 – Abolish the National Wind Farm Commissioner					
Departmental expenses	0.3	0.7	0.2	-	1.2
Total	81.7	77.5	78.2	79.9	317.3

(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 may not sum to total due to rounding.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Coal Export Levy
Summary of proposal:	The proposal would apply a levy of \$3 per tonne on exports of thermal coal, from 1 September 2016. The levy would not be a deductible expense for company tax purposes.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to increase the fiscal balance by \$2,438 million and increase the underlying cash balance by \$2,288 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, the impact would reflect an increase in taxation revenue of \$2,450 million and an increase in departmental expenses of \$12 million.

This proposal would be expected to have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

Detailed financial implications are provided at [Attachment A](#).

The underlying cash balance impact of this proposal differs from the fiscal balance impact because the levy would be calculated when coal is exported but payment of the levy would occur in the following quarter.

While the collection of the levy is expected to involve little change to Australian Taxation Office (ATO) tax administration arrangements, ATO enforcement and compliance costs would be expected to increase by \$3 million per annum in response to the implementation of the proposed levy.

This costing is considered to be of medium reliability. It is based on forecasts of thermal coal export volumes from the Department of Industry, Innovation and Science (DIIS). While there could be a behavioural response to the proposed levy, reducing the volume of thermal coal exports, the timing and magnitude of this response is highly uncertain.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	497.0	647.0	647.0	647.0	2,438.0
Underlying cash balance	347.0	647.0	647.0	647.0	2,288.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions:

- The levy is paid via quarterly instalments following the completion of a quarter such that in the first financial year of the proposal, four quarterly instalments would be accrued but only three quarterly instalment payments would be received.
- The levy would not impact the level of coal exports over the 2016-17 Budget forward estimates period, with any behavioural response assumed to be beyond the 2016-17 Budget forward estimates period.
- The imposition of the non-deductible levy does not have flow-on impacts to the level of dividends paid or franking credits distributed by companies to their shareholders.
- Annual thermal coal exports are assumed to be evenly distributed throughout the year.
- The proposal is able to be implemented in a way that is consistent with Australia's obligations under international tax and trade agreements.

Methodology

The PBO estimated the fiscal balance impact of the levy revenue by applying a \$3 per tonne levy on thermal coal export volume forecasts over the forward estimates period. The underlying cash balance impact is estimated by adjusting the amount of levy received to reflect the timing of levy payments.

Coal levy revenue impacts have been rounded to the nearest \$50 million. Departmental impacts have been rounded to the nearest \$1 million.

Data sources

DIIS, Office of the Chief Economist, Resources and Energy Quarterly, March 2016

Attachment A: Coal Export Levy—financial implications

Table A1: Coal Export Levy—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Coal export levy revenue	500.0	650.0	650.0	650.0	2,450.0
Departmental	-3.0	-3.0	-3.0	-3.0	-12.0
Total	497.0	647.0	647.0	647.0	2,438.0

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

(b) Figures may not sum to totals due to rounding.

Table A2: Coal Export Levy—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Coal export levy receipts	350.0	650.0	650.0	650.0	2,300.0
Departmental	-3.0	-3.0	-3.0	-3.0	-12.0
Total	347.0	647.0	647.0	647.0	2,288.0

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

(b) Figures may not sum to totals due to rounding.



Policy costing—2016 post-election report

Name of proposal:	Climate Finance for Developing Nations
Summary of proposal:	<p>The proposal would provide additional funding for Australia’s Overseas Development Assistance (ODA) budget and contribution to the Green Climate Fund (GCF), consisting of grants for climate adaptation in developing nations in the amount of:</p> <ul style="list-style-type: none"> • \$480 million (\$240 million to ODA, \$240 million to GCF) in 2016-17 • \$760 million (\$380 million to ODA, \$380 million to GCF) in 2017-18 • \$1,040 million (\$520 million to ODA, \$520 million to GCF) in 2018-19 • \$1,320 million (\$660 million to ODA, \$660 million to GCF) in 2019-20 • \$1,600 million annually (\$800 million to ODA, \$800 million to GCF) in years 2020-21 to 2024-25. <p>Administrative costs would be in addition to the above capped amounts.</p> <p>The proposal would have effect from 1 July 2016 and terminate on 30 June 2025.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$3,606.1 million over the 2016-17 Budget forward estimates period. These financial implications are entirely due to an increase in expenses, including \$6.1 million in departmental costs related to administering the ODA component of the proposal. The contribution to the GCF would increase an existing contribution and is not expected to have a material impact on departmental expenses.

The proposal would have ongoing financial implications that extend beyond the 2016-17 Budget forward estimates period until the proposal’s termination date of 30 June 2025. A breakdown of the financial implications from 2016-17 to 2024-25 is included at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped administered amounts, and although the administrative costs are uncertain, they are not a significant component of the overall costing.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-480.8	-761.3	-1,041.8	-1,322.2	-3,606.1
Underlying cash balance	-480.8	-761.3	-1,041.8	-1,322.2	-3,606.1

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that the related additional departmental expenses would be at an equivalent scale to the decrease in departmental expenses applied in the 2014-15 Budget measure, *Official Development Assistance – reprioritised funding*.

Methodology

Administered expenditure estimates for the additional contribution to the GCF and ODA funding are as specified.

Departmental expenditure estimates for the additional ODA funding are based on the 2014-15 Budget measure, *Official Development Assistance – reprioritised funding*, accounting for the net effect of indexation parameters and the efficiency dividend in accordance with the Department of Finance’s costing practices.

Data sources

The Department of Finance provided indexation and the efficiency dividend parameters. 2014-15 Budget Paper 2.

Attachment A: Climate Finance for Developing Nations—financial implications

Table A1: Climate Finance for Developing Nations—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	Total to 2024–25
Impact on fiscal and underlying cash balances											
Overseas Development Assistance											
Administered	-240.0	-380.0	-520.0	-660.0	-1,800.0	-800.0	-800.0	-800.0	-800.0	-800.0	-5,800.0
Departmental	-0.8	-1.3	-1.8	-2.2	-6.1	-2.3	-2.3	-2.3	-2.3	-2.3	-17.6
Total - Overseas Development Assistance	-240.8	-381.3	-521.8	-662.2	-1,806.1	-802.3	-802.3	-802.3	-802.3	-802.3	-5,817.6
Green Climate Fund											
Administered	-240.0	-380.0	-520.0	-660.0	-1,800.0	-800.0	-800.0	-800.0	-800.0	-800.0	-5,800.0
Departmental	-	-	-	-	-	-	-	-	-	-	-
Total - Green Climate Fund	-240.0	-380.0	-520.0	-660.0	-1,800.0	-800.0	-800.0	-800.0	-800.0	-800.0	-5,800.0
Total	-480.8	-761.3	-1,041.8	-1,322.2	-3,606.1	-1,602.3	-1,602.3	-1,602.3	-1,602.3	-1,602.3	-11,617.6

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Phase Out CGT discount and Negative Gearing
Summary of proposal:	<p>The proposal has two components:</p> <p><u>Component 1 - Phase out the capital gains tax (CGT) discount</u></p> <ul style="list-style-type: none"> • This component would progressively phase out the 50 per cent CGT discount for trusts and individuals for capital gains realised on or after 1 July 2016. • The CGT discount would be phased out by 10 percentage points each year for five years to phase out entirely by 1 July 2020. <p><u>Component 2 - Remove negative gearing</u></p> <ul style="list-style-type: none"> • This component would remove negative gearing for all non-business assets purchased by individuals, funds, trusts, partnerships and companies on or after 1 July 2016, with assets purchased prior to this date grandfathered. • Deductions would be restricted to the same class of asset in which the losses were incurred. • Within-year losses could not be carried forward to offset future rental gains, and could not be used to offset the ultimate capital gain when the asset is sold.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$14,426 million over the 2016-17 Budget forward estimates period, reflecting an increase in revenue of \$14,450 million and an increase in departmental expenses of \$24 million over this period.

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period. The proposal would not fully mature¹ until there were no remaining affected assets covered by the negative gearing grandfathering provisions (that is, purchased prior to 1 July 2016) and the phase-out period for the CGT discount ended. Detailed financial implications of the proposal are provided at [Attachment A](#).

The increase in departmental expenses associated with the proposal would allow the Australian Taxation Office (ATO) to make systems changes, conduct information campaigns and undertake compliance activities.

The costing is considered to be of low reliability due to uncertainty surrounding behavioural responses, broader economic impacts and assumptions surrounding the growth in the components of net investment income and capital gains. In addition, the reliability of the costing decreases the further into the future the estimates are projected.

This response does not account for the potential broader macroeconomic implications of this proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-12.0	2,292.0	4,798.0	7,348.0	14,426.0
Underlying cash balance	-12.0	2,292.0	4,798.0	7,348.0	14,426.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The proposal would have effect from 1 July 2016 and enabling legislation would be implemented before 1 July 2017 (the date from which tax returns for the 2016-17 financial year can be submitted to the ATO).
- There are a number of potential behavioural responses associated with changes to negative gearing and the CGT discount. This costing includes an assumed behavioural response to account for the increased use of alternative mechanisms to reduce tax liability.
- It is assumed that some taxpayers would choose to bring forward the realisation of capital gains for each year during the phase-out period to take advantage of the more concessional CGT discount.

1 For the purpose of this costing, maturity is the point at which the costing is no longer affected by transitional influences.

- Assumptions regarding negative gearing arrangements and investment income and deductions arising from assets purchased on or after the date of effect are based on an examination of:
 - ATO rental income schedule
 - unit record data from the Australian Bureau of Statistics (ABS) Survey of Income and Housing
 - data relating to holding times of residential property in the United States (US) from the US Census Bureau and US Department of Housing and Urban Development’s 2007 American Housing Survey
 - data on holding times of Australian equities from the 2012 Australian Share Ownership Study.
- This proposal may have broader macroeconomic implications, including changes to asset prices, rents, interest rates and housing supply. However as the size (and direction) of the broader macroeconomic implications would depend on the use to which the additional revenue was put, they have not been included in this costing.
- The impact on payments to families and income support recipients due to changes in their incomes as a result of the proposal would not be expected to be significant and has not been included in the costing.

Methodology

Component 1 - Phase out the CGT discount

- The expected revenue collections were calculated with the current discount (the base scenario) and with the proposed discounts during the phase-out period.
 - The amount of assessable income from capital gains was estimated for each year from 2016-17 to 2026-27, based on current revenue estimates and projections of CGT.
 - An average marginal tax rate for individuals claiming net capital gains was estimated based on historic tax data, expected future income growth and announced future changes to tax rates.
 - Under the proposed policy, “bring forward” factors were applied to capital gains income to account for taxpayers taking advantage of the greater discount applicable before each change in discount during the phase-out period.
 - A longer-term behavioural response was then applied to investment in CGT assets to take into account some investors shifting from assets with the capital gains discount towards other assets.

Component 2 - Remove negative gearing

- The costing of this component was based on a 16 per cent sample of de-identified personal income tax and superannuation returns for 2012-13, as well as tax schedules for partnerships, trusts and superannuation funds (including self-managed superannuation funds).
- The data was used to estimate the amount by which negative gearing decreased taxable income for individuals and funds, including through distributions from partnerships and trusts.
- This change in taxable income was then adjusted to account for the behavioural responses identified above. The taxable income relating to assets purchased after 1 July 2016 was estimated based on the grandfathering assumptions.

General methodology

- This costing takes account of the timing of tax collections.
- Departmental expenses were estimated based on an analysis of previous policies with similar administrative complexity.
- Estimates of revenue have been rounded to the nearest \$50 million.
- Departmental expense estimates have been rounded to the nearest \$1 million.

Data sources

- 2012-13 personal income tax and superannuation return data from the ATO.
- 2012-13 de-identified ATO partnership, trust, fund and self-managed superannuation fund unit record files.
- 2012-13 CGT schedule data from the ATO.
- Information from ATO rental income schedules (1999-2000 to 2010-11).
- ATO, Taxation Statistics 2012-13.
- CGT and net rental income forecasts consistent with the 2016-17 Budget.
- ABS Survey of Income and Housing 2009-10 confidentialised unit record files.
- Australian Share Ownership Study, Australian Securities Exchange, 2012.
- How Long Buyers Remain in their Homes, Paul Emrath, (US) National Association of Home Builders, 2009.

Attachment A: Phase Out CGT discount and Negative Gearing—financial implications

Table A1: Combined impact of all components—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Revenue	..	2,300.0	4,800.0	7,350.0	14,450.0	9,950.0	12,550.0	13,700.0	14,900.0	16,100.0	17,250.0	18,450.0	117,350.0
Departmental - ATO	-12.0	-8.0	-2.0	-2.0	-24.0	-2.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-32.0
Total	-12.0	2,292.0	4,798.0	7,348.0	14,426.0	9,948.0	12,549.0	13,699.0	14,899.0	16,099.0	17,249.0	18,449.0	117,318.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.

Table A2: Component 1 - Phase out the CGT discount—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Revenue	..	1,600.0	3,200.0	4,950.0	9,750.0	6,800.0	8,650.0	9,150.0	9,700.0	10,250.0	10,800.0	11,400.0	76,500.0
Departmental - ATO	-6.0	-4.0	-1.0	-1.0	-12.0	-1.0	-	-	-	-	-	-	-13.0
Total	-6.0	1,596.0	3,199.0	4,949.0	9,738.0	6,799.0	8,650.0	9,150.0	9,700.0	10,250.0	10,800.0	11,400.0	76,487.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

..Not zero, but rounded to zero.

Table A3: Component 2 - Remove negative gearing—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Revenue	..	700.0	1,600.0	2,400.0	4,700.0	3,150.0	3,900.0	4,550.0	5,200.0	5,850.0	6,450.0	7,050.0	40,850.0
Departmental - ATO	-6.0	-4.0	-1.0	-1.0	-12.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-19.0
Total	-6.0	696.0	1,599.0	2,399.0	4,688.0	3,149.0	3,899.0	4,549.0	5,199.0	5,849.0	6,449.0	7,049.0	40,831.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.



Policy costing—2016 post-election report

Name of proposal:	Ending FEE-HELP to for-profit providers
Summary of proposal:	<p>The proposal would cease providing Vocational Education and Training (VET) FEE-Higher Education Loan Program (HELP) loans to students attending institutions run by for-profit VET providers.</p> <p>The proposal would have effect from 1 September 2016.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

The proposal would be expected to increase the fiscal balance by \$310 million, increase the underlying cash balance by \$260 million and increase the headline cash balance by \$6,720 million over the 2016-17 Budget forward estimates period.

This proposal includes a number of components and would have an ongoing impact that extends beyond the forward estimates period. The disaggregated financial impacts of the proposal over the period 2016-17 to 2026-27 are provided at [Attachment A](#).

The *Methodology* section outlines how impacts on each budget balance are estimated. As the proposal involves the transaction of financial assets in the form of additional HELP loan issuance, the Public Debt Interest (PDI) impact of the proposal has been included in the overall financial impacts of the proposal.

The proposal would not be expected to result in reduced departmental expenditure as the implementation of the policy is not expected to have a material impact on the overall administration of HELP.

The costing is considered to be of low reliability as there is uncertainty regarding the actual proportion of VET FEE-HELP funding paid to for-profit VET providers in light of recent compliance actions taken by the Government.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-80.0	20.0	200.0	160.0	310.0
Underlying cash balance	10.0	40.0	80.0	130.0	260.0
Headline cash balance	950.0	2,000.0	1,990.0	1,780.0	6,720.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing the proposal, the following assumptions have been made:

In the absence of this proposal, the proportion of VET FEE-HELP funding paid to for-profit VET providers would remain at the 2014 level of 77 per cent.¹

- Not-for-profit VET providers would take up a proportion of the funding that would otherwise be paid to for-profit VET providers in the following profile:
 - 20 per cent in 2017
 - 30 per cent in 2018
 - 40 per cent in 2019
 - 50 per cent in 2020 and thereafter.

Methodology

The savings from no longer funding for-profit VET providers are estimated by reducing current estimates of VET FEE-HELP funding for full-fee-paying students by the proportion of funding provided to for-profit VET providers. A proportion of the reduced funding is then reinstated to account for the response of not-for-profit VET providers enrolling additional students who would be affected by the proposal.

The reduction in VET FEE-HELP borrowings has the following impacts on budget balances:

Fiscal balance impact – components

- Decreased interest revenue due to less borrowing has a negative impact on the fiscal balance.
- Decreased loan fee revenue due to less borrowing has a negative impact on the fiscal balance.

1 This was estimated based on a research report titled *The capture of public wealth by the for-profit VET sector: A report prepared for the Australian Education Union*, published by the University of Sydney Workplace Research Centre in January 2015.

- Decreased concessional loan discount (CLD) expenses due to less borrowing have a positive impact on the fiscal balance.
- Decreased CLD unwinding revenue in later years offsets the decreased CLD expenses and has a negative impact on the fiscal balance. Over the life of an individual loan, the CLD unwinding revenue is equal to the CLD expenses and results in a nil impact on the fiscal balance.²
- Decreased writedowns of bad debts have a positive impact on the fiscal balance.
- Decreased PDI payments have a positive impact on the fiscal balance.

Underlying cash balance impact – components

- Decreased interest payments due to less borrowing have a negative impact on the underlying cash balance.
- Decreased PDI payments have a positive impact on the underlying cash balance.

Headline cash balance impact – components

- Fewer borrowings at lower amounts by students have a positive impact on the headline cash balance.
- Decreased principal repayments by students have a negative impact on the headline cash balance.
- Decreased interest payments by students (interest is estimated as a fixed proportion of repayments) have a negative impact on the headline cash balance.
- Decreased PDI payments have a positive impact on the headline cash balance.

General

- All estimates have been rounded to the nearest \$10 million.

Data sources

The capture of public wealth by the for-profit VET sector: A report prepared for the Australian Education Union, S. Yu & D. Oliver, University of Sydney Workplace Research Centre, published January 2015.

Department of Education and Training

- HELP forward estimates model.

2 Given this costing is over a defined time period with fewer loans being issued each year, the net impact of the CLD expense and the revenue from the unwinding of CLD will not be zero. Were the analysis to be undertaken for a single loan and that loan were to be established and fully repaid during the analysis period then these two lines would net to zero.

Attachment A: Ending FEE-HELP to for-profit providers—financial implications

Table A1: Ending FEE-HELP to for-profit providers—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal balance													
<i>CLD expense</i>	100.0	180.0	180.0	150.0	610.0	140.0	140.0	150.0	150.0	160.0	160.0	170.0	1,680.0
<i>CLD unwinding revenue</i>	-	-	-10.0	-40.0	-50.0	-60.0	-80.0	-90.0	-110.0	-120.0	-120.0	-130.0	-750.0
Net CLD	100.0	180.0	160.0	120.0	560.0	80.0	70.0	60.0	50.0	40.0	40.0	40.0	930.0
Interest revenue accrued	-	-20.0	-60.0	-100.0	-180.0	-130.0	-170.0	-200.0	-250.0	-290.0	-340.0	-390.0	-1,940.0
Loan writedowns	-	..	..	..	..	..	..	..	..	..	10.0	10.0	30.0
Loan fee revenue	-190.0	-190.0	-	-	-380.0	-	-	-	-	-	-	-	-380.0
PDI	10.0	50.0	100.0	140.0	300.0	250.0	380.0	510.0	650.0	800.0	960.0	1,130.0	4,970.0
Total	-80.0	20.0	200.0	160.0	310.0	200.0	280.0	360.0	460.0	560.0	670.0	780.0	3,610.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Ending FEE-HELP to for-profit providers—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on underlying cash balance													
Interest received	-	..	-10.0	-10.0	-20.0	-20.0	-30.0	-30.0	-50.0	-60.0	-70.0	-90.0	-360.0
PDI	10.0	40.0	90.0	140.0	290.0	250.0	370.0	500.0	640.0	790.0	950.0	1,120.0	4,890.0
Total	10.0	40.0	80.0	130.0	260.0	230.0	340.0	460.0	590.0	730.0	880.0	1,030.0	4,530.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: Ending FEE-HELP to for-profit providers—Headline cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on headline cash balance													
Loans issued	940.0	1,960.0	1,930.0	1,690.0	6,520.0	1,590.0	1,640.0	1,700.0	1,760.0	1,810.0	1,880.0	1,940.0	18,840.0
Repayments and interest received	-	-10.0	-30.0	-50.0	-90.0	-70.0	-100.0	-140.0	-190.0	-250.0	-320.0	-380.0	-1,560.0
PDI	10.0	40.0	90.0	140.0	290.0	250.0	370.0	500.0	640.0	790.0	950.0	1,120.0	4,890.0
Total	950.0	2,000.0	1,990.0	1,780.0	6,720.0	1,760.0	1,910.0	2,050.0	2,200.0	2,350.0	2,500.0	2,670.0	22,170.0

(a) A positive number in headline cash balance indicates an increase in cashflow. A negative number in headline cash balance indicates a decrease in cashflow.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Paid Parental Leave
<p>Summary of proposal:</p>	<p>The proposal would replace the current Paid Parental Leave (PPL) scheme with the following:</p> <ul style="list-style-type: none"> • Increase the PPL entitlement for the primary carer to 26 weeks paid at the carer’s replacement wage capped at \$100,000. • Allow two weeks of the above primary carer’s entitlement to be accessed by their partner at their replacement wage (thus reducing the primary carer’s entitlement to 24 weeks). • In those instances where the non-birth partner is the nominated primary carer, they would be able to receive the lower of: <ul style="list-style-type: none"> – their actual wage, or – the higher of the birth partner’s actual wage or the National Minimum Wage. • Include superannuation contributions on all Commonwealth PPL payments at the Superannuation Guaranteed (SG) rate. • Allow Commonwealth, state and territory public sector employees to choose to take either their negotiated workplace parental leave entitlement or the proposed PPL scheme (but not both). • Administer the payments through the Department of Human Services, rather than the employers of the recipients. <p>The proposal would have effect from 1 September 2016.</p>
<p>Party:</p>	<p>Australian Greens</p>
<p>Expiry date for the costing:</p>	<p>Release of the next economic and fiscal update</p>

Costing overview

This proposal would be expected to decrease the fiscal balance by \$10,145.0 million and decrease the underlying cash balance by \$10,200.0 million over the 2016-17 Budget forward estimates period. The fiscal balance impact reflects an increase in expenses of \$14,260.0 million partially offset by an increase in revenue of \$4,115.0 million.

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

The proposal would be expected to have ongoing financial impacts beyond the 2016-17 Budget forward estimates period.

The difference between the impact on the underlying cash balance and the fiscal balance is due to the Low Income Superannuation Tax Offset and Family Tax Benefit payments being accrued within one financial year and paid in a different financial year.

This costing is considered to be of low reliability. Estimates would be sensitive to changes in economic and demographic factors.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1,450.0	-2,705.0	-2,970.0	-3,020.0	-10,145.0
Underlying cash balance	-1,495.0	-2,720.0	-2,970.0	-3,020.0	-10,200.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The growth in income of non-government sector employees was indexed in line with average weekly earnings. Public sector employee income growth was based on data from Commonwealth, state and territory Budget papers.

All private sector recipients eligible for the proposed scheme would be paid the full amount, regardless of any employer-provided entitlements.

Methodology

The administered expenses were estimated using a microsimulation model of Australia's personal income tax and transfer payment systems. Simulations were calculated to determine entitlements under both the current policy and the proposal. The difference in entitlements between the current policy and the proposed policy represents the cost of the proposal.

The revenue implications were estimated based on the projected taxable incomes and superannuation contributions of PPL recipients under both current and proposed policy scenarios.

The costing takes into account the timing of administered payments and tax collections.

Departmental expenses have been estimated based on information provided by the Department of Human Services on the costs of administering a replacement wage PPL scheme and the costs of including superannuation in PPL payments.

All estimates have been rounded to the nearest \$5 million.

Data sources

Department of Social Services provided administrative unit record data on PPL recipients.

Department of Human Services provided 2016-17 Budget unit departmental costs.

Commonwealth, state and territory Budget papers.

Attachment A: Paid Parental Leave—financial implications

Table A1: Paid Parental Leave—Fiscal balance^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Revenue					
<i>Administered</i>	750.0	1,095.0	1,115.0	1,150.0	4,115.0
Expense					
<i>Administered</i>	-2,195.0	-3,795.0	-4,080.0	-4,165.0	-14,235.0
<i>Departmental</i>	-5.0	-5.0	-5.0	-5.0	-25.0
Expenses - total	-2,200.0	-3,800.0	-4,085.0	-4,170.0	-14,260.0
Total	-1,450.0	-2,705.0	-2,970.0	-3,020.0	-10,145.0

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

(b) Figures may not sum to totals due to rounding.

Table A2: Paid Parental Leave—Underlying cash balance^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Receipts					
<i>Administered</i>	750.0	1,095.0	1,115.0	1,150.0	4,115.0
Outlays					
<i>Administered</i>	-2,240.0	-3,810.0	-4,080.0	-4,165.0	-14,290.0
<i>Departmental</i>	-5.0	-5.0	-5.0	-5.0	-25.0
Outlays - total	-2,245.0	-3,815.0	-4,085.0	-4,170.0	-14,315.0
Total	-1,495.0	-2,720.0	-2,970.0	-3,020.0	-10,200.0

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

(b) Figures may not sum to totals due to rounding.



Policy costing—2016 post-election report

Name of proposal:	Luxury Lifestyles Tax Rate
Summary of proposal:	The proposal would apply a higher rate of 50 per cent tax on the sale of luxury vehicles over \$100,000 (indexed annually with the Consumer Price Index (CPI)). The existing rates and thresholds for the luxury car tax (LCT) would continue. This proposal would not apply to 100 per cent electric vehicles. This proposal would have effect from 1 July 2016.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to increase the fiscal balance by \$280 million and increase the underlying cash balance by \$260 million over the 2016-17 Budget forward estimates period. This impact entirely reflects an increase in revenue.

The impact on the underlying cash balance of this proposal differs from the impact on the fiscal balance because of a difference in timing between when taxpayers become liable for the LCT and when it is paid.

This proposal would be expected to have an ongoing impact that extends beyond the 2016-17 Budget 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 to high reliability as the estimates are based on historical data on individual car sales. The estimates are sensitive to assumptions on behavioural responses.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	70.0	70.0	70.0	70.0	280.0
Underlying cash balance	50.0	70.0	70.0	70.0	260.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

- Dealers are expected to adjust the price of cars offered for sale where they are close to the \$100,000 threshold.
- There is expected to be a fall in purchases of cars as a result of applying the LCT.
- There is no change in salary packaging arrangements in response to the proposal.
- Sales of electric cars above the \$100,000 threshold will grow in line with the average global sales growth rate for the past two years over the 2016-17 Budget forward estimates period.

Methodology

The amount of LCT that would be collected under the proposal was estimated based on data on the number and price of luxury cars sold in Australia, adjusted to take account of expected behavioural responses.

The estimated amount of LCT under the proposal was compared to the forecast amount of LCT (under current policy settings, adjusted to exclude electric cars) in order to estimate the financial impact of this proposal.

Estimates have been rounded to the nearest \$10 million.

Data sources

Historical data on luxury car sales numbers and prices was obtained from the Australian Taxation Office.

2016 Pre-election Economic and Fiscal Outlook parameters.



Policy costing—2016 post-election report

Name of proposal:	Not the time for company tax cuts
Summary of proposal:	<p>The proposal would fully reverse the following measures from the 2016-17 Budget:</p> <ul style="list-style-type: none">• <i>Ten Year Enterprise Tax Plan — increase the small business entity turnover threshold</i>• <i>Ten Year Enterprise Tax Plan — reducing the company tax rate to 25 per cent.</i>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to increase the fiscal balance by \$4,830 million and increase the underlying cash balance by \$4,845 million over the 2016-17 Budget forward estimates period. The fiscal balance impact of this proposal reflects an increase in revenue of \$4,845 million and an increase in expenses of \$15 million.

This proposal would have an ongoing impact that extends beyond the forward estimates period. The financial impact would be expected to increase sharply towards the end of the period to 2026-27 as, under the measures proposed to be reversed, the company tax rate reduces further to 25 per cent and the company tax rate cut is extended to apply to all companies.

Detailed financial implications over the period to 2026-27 are provided at [Attachment A](#).

This proposal would not be expected to have any departmental costs as no departmental funding was provided in the original 2016-17 Budget measures.

The underlying cash balance impact differs from the fiscal balance impact because increasing the small business entity threshold would allow more businesses to remit quarterly Goods and Services Tax (GST) instalments, increasing the amount of GST receipts that would be received in the year after they are recognised as tax revenue.

The costing is considered to be of high reliability over the forward estimates period as it reverses the impact of 2016-17 Budget measures. Over the medium term to 2026-27 the costing is considered to be of low to medium reliability as it relies on several assumptions about the behavioural response of affected companies to the proposals. The reliability of the costing decreases the further into the future the estimates are projected.

The budget papers note that the cut to company tax is expected to increase Gross Domestic Product (GDP) growth over time. The costings do not include allowance for any such ‘further economic impacts’ from reversing the tax cut measure.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	680.0	1,200.0	1,350.0	1,600.0	4,830.0
Underlying cash balance	695.0	1,200.0	1,350.0	1,600.0	4,845.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The estimate of the financial impacts of the company tax rate cut includes an estimated claw-back due to dividend imputation. This estimate assumes that companies continue to pay the same proportion of their after-tax income as dividends.

Methodology

The impact of this proposal has been estimated by fully reversing the financial impact of the measures from the 2016-17 Budget. The details of the elements of the measures, and medium term estimates, are Parliamentary Budget Office estimates.

Data sources

Budget 2016-17

Australian Taxation Office company tax return data 2005-06 to 2013-14

Attachment A: Not the time for company tax cuts—financial implications

Table A1: Not the time for company tax cuts—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Fiscal balance													
Revenue	695.0	1,200.0	1,350.0	1,600.0	4,845.0	1,950.0	2,300.0	2,700.0	6,450.0	7,700.0	10,900.0	14,250.0	51,095.0
Reverse small business entity threshold	295.0	700.0	550.0	650.0	2,195.0	650.0	700.0	700.0	750.0	800.0	800.0	850.0	7,445.0
Reverse company tax rate cut	400.0	500.0	800.0	950.0	2,650.0	1,300.0	1,600.0	2,000.0	5,700.0	6,900.0	10,100.0	13,400.0	43,650.0
Expenses	-15.0	..	..	..	-15.0	..	..	..	..	..	..	..	-15.0
Reverse small business entity threshold	-15.0	..	..	..	-15.0	..	..	..	..	..	..	..	-15.0
Total	680.0	1,200.0	1,350.0	1,600.0	4,830.0	1,950.0	2,300.0	2,700.0	6,450.0	7,700.0	10,900.0	14,250.0	51,080.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero

Table A2: Not the time for company tax cuts—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Underlying cash balance													
Receipts	710.0	1,200.0	1,350.0	1,600.0	4,860.0	1,950.0	2,300.0	2,700.0	6,450.0	7,700.0	10,900.0	14,250.0	51,110.0
Reverse small business entity threshold	310.0	700.0	550.0	650.0	2,210.0	650.0	700.0	700.0	750.0	800.0	800.0	850.0	7,460.0
Reverse company tax rate cut	400.0	500.0	800.0	950.0	2,650.0	1,300.0	1,600.0	2,000.0	5,700.0	6,900.0	10,100.0	13,400.0	43,650.0
Outlays	-15.0	..	..	..	-15.0	..	..	..	..	..	..	..	-15.0
Reverse small business entity threshold	-15.0	..	..	..	-15.0	..	..	..	..	..	..	..	-15.0
Total	695.0	1,200.0	1,350.0	1,600.0	4,845.0	1,950.0	2,300.0	2,700.0	6,450.0	7,700.0	10,900.0	14,250.0	51,095.0

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

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero



Policy costing—2016 post-election report

Name of proposal:	Restoring Family Tax Benefit Cuts
Summary of proposal:	<p>This proposal would reverse:</p> <ul style="list-style-type: none"> • unlegislated Family Tax Benefit (FTB) measures as at 22 February 2016 • unlegislated FTB measures announced since 22 February 2016 • legislated FTB measures in the following Acts: <ul style="list-style-type: none"> – Social Services and Other Legislation Amendment Act 2013 – Social Services and Other Legislation Amendment (2014 Budget Measures No. 6) Act 2014 – Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Act 2015 – Social Services Legislation Amendment (Family Measures) Act 2015. <p>Specific measures being reversed are detailed at Attachment A.</p> <p>The proposal would have effect from 1 September 2016.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease the fiscal balance by \$9,635.0 million and decrease the underlying cash balance by \$7,290.0 million over the 2016-17 Budget forward estimates period. The fiscal balance financial implications are due to an increase in administered expenses of \$9,555.0 million and an increase in departmental expenses of \$80.0 million over this period.

A breakdown of the financial implications of each component over the 2016-17 Budget forward estimates period is at [Attachment B](#).

The financial implications for the underlying cash balance differ from the implications for the fiscal balance because a proportion of FTB payments are made after the end of the financial year in which they are accrued.

This costing includes departmental funding for the Department of Human Services (DHS) associated with processing payments to a higher number of recipients.

The proposal would have ongoing financial implications that extend beyond the 2016-17 Budget forward estimates period.

The costing is considered to be of medium reliability. While the estimates are based on unit record data of FTB recipients, there are some data gaps regarding payment rates of particular recipient types and interactions between proposed measures. Estimates would also be sensitive to changes in wage growth and demographic factors.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1,235.0	-2,575.0	-2,895.0	-2,930.0	-9,635.0
Underlying cash balance	-690.0	-1,620.0	-2,070.0	-2,915.0	-7,290.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has assumed that the legislation required to reverse those measures that have already been legislated could be passed in sufficient time to give effect to a 1 September 2016 implementation date.

Methodology

The change in expenditure on government payments for each year until 2019-20 was estimated using the Policy and Evaluation Model (PoEM) of the Australian personal income tax and transfer system, a micro-simulation model that is based on government administrative data. The forward estimates were then projected over the medium term to account for growth in payment rates and population. The financial implications of health related expenses were calculated based on the number of Family Tax Benefit – Part A children affected by the proposal.

Departmental savings were calculated by multiplying the DHS unit cost of processing FTB claims by the change in the number of families receiving FTB as a result of the proposal.

Annual estimates and totals have been rounded to the nearest \$5 million.

Data sources

Department of Social Services (DSS) Policy Evaluation Model (PoEM) and administrative data of income support recipients.

DSS provided population projections and measure models.

DHS funding model of unit prices.

Attachment A: Restoring Family Tax Benefit Cuts—measures to be reversed under this proposal

This proposal would reverse:

- unlegislated Family Tax Benefit (FTB) measures as at 22 February 2016
 - Phasing out the Family Tax Benefit – Part A (FTB-A) and Family Tax Benefit – Part B (FTB-B) end of year supplements.
 - Increasing rates of FTB-A and associated youth payments.
 - Increasing the rate of FTB-B for families with a child under one and reducing the rate of FTB-B for single parents with a youngest child aged 13 to 16.
 - Pausing indexation of the FTB-A higher income free threshold.
 - Adjusting the treatment of fringe benefits for income testing of FTB and associated youth payments.
- unlegislated FTB measures announced since 22 February 2016
 - Removing the Energy Supplement for new FTB entrants.
- legislated FTB measures in the following Acts:
 - *Social Services and Other Legislation Amendment Act 2013*
 - Changes to the calendar timing for how FTB-A is calculated for families with teenagers aged 16 to 19.
 - Extending the freeze on indexation of the FTB-B primary earner income limit.
 - Extending the freeze on the FTB-A and FTB-B supplements.
 - Social Services and Other Legislation Amendment (2014 Budget Measures No. 6) *Act 2014*
 - Limiting FTB-A large family supplement.
 - Removing the per-child add-on to the FTB-A higher income free area.
 - Reducing the primary earner income limit.
 - Ceasing indexation on the energy supplement.
 - Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) *Act 2015*
 - ♦ Removing eligibility for FTB-B for coupled parents with youngest children aged 13 years and over.
 - *Social Services Legislation Amendment (Family Measures) Act 2015*
 - Removing FTB-A large family supplement.
 - Reducing to six weeks the portability period of FTB-A.

Attachment B: Restoring Family Tax Benefit Cuts— financial implications

Table B1: Restoring Family Tax Benefit cuts—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Administered					
Family Tax Benefit - Part A	-685.0	-1,740.0	-1,915.0	-1,940.0	-6,280.0
Family Tax Benefit - Part B	-520.0	-775.0	-915.0	-925.0	-3,135.0
Disability Support Pension	-	-	..	..	5.0
Special Benefit	-	-	..	..	..
Youth Allowance - Other	..	..	..	..	..
Youth Allowance - Student	..	..	..	..	-5.0
Health related expenses	-15.0	-40.0	-45.0	-45.0	-140.0
Total - administered	-1,220.0	-2,555.0	-2,875.0	-2,910.0	-9,555.0
Departmental (DHS)	-15.0	-20.0	-20.0	-20.0	-80.0
Total	-1,235.0	-2,575.0	-2,895.0	-2,930.0	-9,635.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

.. Indicates not zero, but rounded to zero.

Table B2: Restoring Family Tax Benefit cuts—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Administered					
Family Tax Benefit - Part A	-260.0	-940.0	-1,235.0	-1,930.0	-4,360.0
Family Tax Benefit - Part B	-400.0	-625.0	-770.0	-920.0	-2,710.0
Disability Support Pension	-	-	..	..	5.0
Special Benefit	-	-	..	..	..
Youth Allowance - Other	..	..	..	..	..
Youth Allowance - Student	..	..	..	..	-5.0
Health related expenses	-15.0	-35.0	-45.0	-45.0	-140.0
Total - administered	-675.0	-1,600.0	-2,050.0	-2,895.0	-7,210.0
Departmental (DHS)	-15.0	-20.0	-20.0	-20.0	-80.0
Total	-690.0	-1,620.0	-2,070.0	-2,915.0	-7,290.0

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

(b) Figures may not sum to totals due to rounding.

- Indicates a nil value.

.. Indicates the value is not zero, but rounded to zero.



Policy costing—2016 post-election report

Name of proposal:	Reversing Harsh and Harmful Budget Measures
Summary of proposal:	<p>The proposal would reverse various measures from previous budgets and reinstate various agencies and bodies that were abolished. A full list of the 80 components under this proposal is at Attachment A.</p> <p>The proposal would have effect from 1 July 2017.</p> <p>Where savings measures have already taken effect before the start date of this proposal, these previous savings would be reinvested into programs or reinstated as increased departmental funding to relevant agencies. This reinstated funding would be spread evenly across 2017–18, 2018–19 and 2019–20.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease the fiscal balance by \$14,350 million and decrease the underlying cash balance by \$14,471 million over the 2016–17 Budget forward estimates period. This reflects the net impact of an increase in expenses of \$14,672 million and an increase in revenue of \$322 million over this period.

A detailed breakdown of the components of the costing on a fiscal and an underlying cash balance basis is included at [Attachment B](#).

Some components of this proposal would have ongoing financial implications that extend beyond the 2016–17 Budget forward estimates period.

The components in this costing range in reliability.

- The components of the proposal that relate to reductions in capped program expenditure, temporary indexation pauses or additional efficiency dividends are based on information from the Government Central Budget Management System (CBMS) and are considered to be of medium reliability.
- The components of the proposal that relate to uncapped expenditure are considered to be of low reliability because they depend on assumptions regarding take-up rate and behavioural changes.

- The components of the proposal that relate to the reversal of job reductions in agencies are of low reliability because they are based on historical and current agency aggregate employee expense information, which include the net effect of both job reductions and any newly created positions.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	1	-4,525	-4,676	-5,150	-14,350
Underlying cash balance	1	-4,602	-4,709	-5,161	-14,471

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

(b) Figures may not sum to totals due to rounding.

Methodology

The financial implications of measures that would be reversed under this proposal are based on data from the Government CBMS. Where savings measures have already taken effect, the estimated savings that have already been realised are either reinvested into programs or reinstated as increased departmental funding to relevant agencies and, as specified, these have been spread evenly across the last three years of the 2016–17 Budget forward estimates period. The costing assumes that agencies are able to fully utilise these temporary funding increases. Historical saving amounts have been grown by changes in the Consumer Price Index to reflect 2016–17 dollars.

Where the measures that would be reversed under the proposal relate to transfer payments, the administered expenses or savings related to these payments prior to 1 July 2017 have not been reinstated.

Where the measures that would be reversed under the proposal remain unlegislated, the administered expenses or savings prior to 1 July 2017 have not been reinstated, as they have not been realised.

Departmental and administered costs have been rounded to the nearest \$1 million.

Data sources

- Department of Finance provided indexation and efficiency dividend parameters, and extracts from the CBMS for the Budget and Mid-Year Economic and Fiscal Outlook (MYEFO) periods of the years 2013–14, 2014–15, 2015–16 and 2016–17.

Attachment A: List of budget measures to be reversed

- *Discontinue the establishment of Australia's diplomatic post — Senegal (MYEFO 2013-14)*
- *Live Animal Exports — Business Assistance Supply Chain and Official Development Assistance (Improved Animal Welfare Program) — cessation (Budget 2014-15)*
- *Australian Animal Welfare Strategy — cessation (Budget 2014-15)*
- *Australian Broadcasting Corporation and Special Broadcasting Service Corporation — efficiency savings (Budget 2014-15)*
- *Australian Broadcasting Corporation and Special Broadcasting Service — additional efficiency savings (MYEFO 2014-15)*
- *Cuts to Screen Australia (in Arts programs — reduced funding (Budget 2014-15)*
- *Efficiency Dividend — a further temporary increase of 0.25% (Budget 2014-15)*
- *Australian Institute for Teaching and School Leadership - reduced funding (Budget 2014-15)*
- *Bureau of Meteorology — improved efficiency (Budget 2014-15)*
- *Grants to Voluntary Environment, Sustainability and Heritage Organisations — cessation (Budget 2014-15)*
- *Sustainable Rural Water Use and Infrastructure Program — reduced funding (Budget 2014-15)*
- *Sustainable Rural Water Use and Infrastructure Program — reduced funding (Budget 2015-16)*
- *Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds (Budget 2014-15)*
- *Pausing indexation of some Medicare Benefits Schedule fees and the Medicare Levy Surcharge and Private Health Insurance Rebate thresholds (Budget 2014-15)*
- *National Partnership Agreement on Improving Public Hospital Services — cessation (Budget 2014-15)*
- *National Partnership Agreement on Preventive Health — cessation (Budget 2014-15)*
- *Smaller Government — Australian National Preventive Health Agency — abolish (Budget 2014-15)*
- *Local Government Financial Assistance Grants — pause indexation for three years (Budget 2014-15)*
- *Aged Care Payroll Tax Supplement — cessation (Budget 2014-15)*
- *Apply the One-Week Ordinary Waiting Period to all Working Age Payments (Budget 2014-15)*
- *Maintain eligibility thresholds for Australian Government payments for three years (Budget 2014-15)*

- *Discretionary Grant Program Reform* (Budget 2014-15)
- *Pensioner Education Supplement — cessation* (Budget 2014-15)
- *Reprioritising the Aged Care Workforce Supplement (reverse all savings)* (Budget 2014-15)
- *Disability Support Pension — compulsory participation requirements for recipients aged under 35 years* (Budget 2014-15)
- *Disability Support Pension — review recipients aged under 35 years* (Budget 2014-15)
- *Disability Support Pension — reduced portability* (Budget 2014-15)
- *National Homelessness Research Strategy — reduced funding* (Budget 2014-15)
- *Health Flexible Funds - Pausing indexation and achieving efficiencies* (Budget 2014-15)
- *Health Flexible Funds - Pausing indexation and achieving efficiencies* (Budget 2016-17)
- *Abolish the Seafarer Tax Offset* (Budget 2014-15)
- *Disability Support Pension — revised assessment process* (MYEFO 2014-15)
- *Cessation of social security benefits for certain people confined in a psychiatric institution* (MYEFO 2014-15)
- *Arts and Cultural Programs — efficiencies* (Budget 2015-16)
- *Employment Services – Changes to Service Fees and Cessation of Personal Contact Interviews* (Budget 2015-16)
- *Growing Jobs and Small Business — Youth Employment Strategy — revised waiting period for youth income support* (Budget 2015-16)
- *Australian Working Life Residence — tightening proportionality requirements* (Budget 2015-16)
- *A New Remote Indigenous Housing Strategy* (Budget 2015-16)
- *Reversal of Banking and Life Insurance unclaimed provisions* (Budget 2015-16)
- *Personal Income Tax — changes to tax residency rules for temporary working holiday makers (Backpacker Tax)* (Budget 2015-16)
- *Communications and the Arts Portfolio — efficiencies* (MYEFO 2015-16)
- *Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives* (MYEFO 2015-16)
- *Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments* (MYEFO 2015-16)
- *Job Seeker Services — streamlining arrangements* (MYEFO 2015-16)
- *Aged Care Provider Funding — revision to the Aged Care Funding Instrument Complex Health Care Domain* (MYEFO 2015-16)
- *Aged Care Provider Funding — further revision of the Aged Care Funding Instrument* (Budget 2016-17)
- *Streamlining Health and Aged Care Workforce Program funding* (MYEFO 2015-16)

- *Indigenous Advancement Strategy – indexation pause* (MYEFO 2015-16)
- *Remote School Attendance Strategy – continuation* (MYEFO 2015-16)
- *Trans-Pacific Partnership Agreement* (Budget 2016-17)
- *Establishment of the Northern Australia Infrastructure Facility* (Budget 2016-17)¹
- *Australian Securities and Investments Commission Registry Further Market Testing* (Budget 2016-17)
- *National Radioactive Waste Management Project – community benefits package* (Budget 2016-17)²
- *Higher Education Participation Program – efficiencies* (Budget 2016-17)
- *Healthier Medicare – trial of health care homes* (Budget 2016-17)
- *Public Sector Transformation and the Efficiency Dividend* (Budget 2016-17)
- *Cashless Debit Card – third trial site* (Budget 2016-17)
- *Compulsory Rent Deduction Scheme – establishment* (Budget 2016-17)
- *Department of Human Services – administrative efficiencies* (Budget 2016-17)
- The following components of *National Disability Insurance Scheme Savings Fund* (Budget 2016-17)
 - Backdating provisions for Carer Allowance
 - Disability Support Pension recipients review
 - Not proceeding with the NDIS advertising campaign
- *National Resources Development Strategy – exploring for the future* (Budget 2016-17)
- Military engagement against terrorism in Afghanistan, Iraq, Syria (Budget 2016-17)
- *Foreign Affairs and Trade Portfolio – efficiencies* (Budget 2016-17)
- *Australian International Education – enabling growth and innovation* (Budget 2016-17)
- *Promotion of Excellence in Learning and Teaching in Higher Education – efficiencies* (Budget 2016-17)
- Reinststate the following agencies or bodies:
 - Insurance Reform Advisory Group
 - Australian Animal Welfare Advisory Committee
 - National Steering Committee on Corporate Wrongdoing
 - Antarctic Animal Ethics Committee
 - National Housing Supply Council

1 This item has not been included in the financial implications for this costing, GRN100 *Reversing Harsh and Harmful Budget Measures*, as it is included in GRN088 *Infrastructure Bank: Financing the new economy*.

2 This item has not been included in the financial implications for this costing, GRN100 *Reversing Harsh and Harmful Budget Measures*, as it is included in GRN102 *Nuclear Waste*.

- National Policy Commission on Indigenous Housing
- Prime Minister's Council on Homelessness
- Major Cities Unit (Department of Infrastructure and Regional Development)
- National Urban Policy Unit (Department of Infrastructure)
- Recommit funding left over in *Clean Technology Investment Program* (closed to new applications in October 2013)
- Restore Department of Social Services employment to Budget 2013-14 levels
- Restore Department of the Environment employment to Budget 2013-14 levels
- Restore funding to the Office of the Information Commissioner to Budget 2013-14 levels

Attachment B: Reversing Harsh and Harmful Budget Measures—financial implications

Table B1 includes the fiscal balance impact of all components of this proposal. Table B2 includes the underlying cash balance for those components that have underlying cash balance implications that are different to the fiscal balance implications.

Table B1: Reversing Harsh and Harmful Budget Measures—Financial implications – Fiscal balance^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
MYEFO 2013-14	Discontinue the establishment of Australia’s diplomatic post — Senegal				
Administered	-	-	-	-	-
Departmental	-	-17	-14	-10	-42
Total	-	-17	-14	-10	-42
Budget 2014-15	Live Animal Exports — Business Assistance Supply Chain and Official Development Assistance (Improved Animal Welfare program) — cessation				
Administered	-	-2	-	-	-2
Departmental	-	-	-	-	-
Total	-	-2	-	-	-2
Budget 2014-15	Australian Animal Welfare Strategy — cessation				
Administered	-	-2	-2	-2	-5
Departmental	-	-	-	-	-
Total	-	-2	-2	-2	-5
Budget 2014-15	Australian Broadcasting Corporation and Special Broadcasting Service Corporation — efficiency savings				
Administered	-	-	-	-	-
Departmental	-	-22	-22	-22	-66
Total	-	-22	-22	-22	-66

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
MYEFO 2014-15	Australian Broadcasting Corporation and Special Broadcasting Service — additional efficiency savings				
Administered	-	-	-	-	-
Departmental	-	-102	-116	-116	-334
Total	-	-102	-116	-116	-334
Budget 2014-15	Cuts to Screen Australia (in Arts programs — reduced funding, Budget 2014-15)				
Administered	-	-	-	-	-
Departmental	-	-13	-13	-13	-40
Total	-	-13	-13	-13	-40
Budget 2014-15	Efficiency Dividend - a further temporary increase of 0.25%				
Administered	-	-5	-5	-5	-15
Departmental	-	-326	-326	-326	-978
Total	-	-331	-331	-331	-993
Budget 2014-15	Australian Institute for Teaching and School Leadership - reduced funding				
Administered	-	-8	-8	-8	-25
Departmental	-	-	-	-	-
Total	-	-8	-8	-8	-25
Budget 2014-15	Bureau of Meteorology — improved efficiency				
Administered	-	-	-	-	-
Departmental	-	-5	-5	-5	-15
Total	-	-5	-5	-5	-15
Budget 2014-15	Grants to Voluntary Environment, Sustainability and Heritage Organisations — cessation				
Administered	-	-3	-3	-3	-8
Departmental	-	-	-	-	-
Total	-	-3	-3	-3	-8

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2014-15	Sustainable Rural Water Use and Infrastructure Program — reduced funding				
Administered	-	-247	-117	-47	-410
Departmental	-	12	..	..	12
Total	-	-234	-117	-47	-398
Budget 2015-16	Sustainable Rural Water Use and Infrastructure Program — reduced funding				
Administered	-	-16	-7	-	-23
Departmental	-	-	-	-	-
Total	-	-16	-7	-	-23
Budget 2014-15	Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds¹				
Administered	-	-275	-280	-295	-851
Departmental	-	-	-	-	-
Total	-	-275	-280	-295	-851
Budget 2014-15	Pausing indexation of some Medicare Benefits Schedule fees and the Medicare Levy Surcharge and Private Health Insurance Rebate thresholds²				
Administered	-	-	-	-	-
Departmental	-	-	-	-	-
Total	-	-	-	-	-
Budget 2014-15	National Partnership Agreement on Improving Public Hospital Services — cessation				
Administered	-	-69	-67	-67	-203
Departmental	-	-	-	-	-
Total	-	-69	-67	-67	-203
Budget 2014-15	National Partnership Agreement on Preventive Health — cessation				
Administered	-	-211	-80	-80	-371
Departmental	-	-	-	-	-
Total	-	-211	-80	-80	-371

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2014-15	Smaller Government — Australian National Preventive Health Agency — abolish				
Administered	-	-	-	-	-
Departmental	-	-4	-4	-5	-13
Total	-	-4	-4	-5	-13
Budget 2014-15	Local Government Financial Assistance Grants — pause indexation for three years				
Administered	-	-525	-525	-525	-1,574
Departmental	-	-	-	-	-
Total	-	-525	-525	-525	-1,574
Budget 2014-15	Aged Care Payroll Tax Supplement - cessation				
Administered	-	-198	-207	-207	-611
Departmental	-	..	..	..	1
Total	-	-197	-206	-206	-610
Budget 2014-15	Apply the One-Week Ordinary Waiting Period to all Working Age Payments^{1,3}				
Administered	-	-66	-69	-71	-206
Departmental	-	4	2	2	8
Total	-	-62	-67	-69	-198
Budget 2014-15	Maintain eligibility thresholds for Australian Government payments for three years^{1,3}				
Administered	-	-91	-42	-56	-189
Departmental	-	3	1	1	5
Total	-	-88	-41	-55	-184
Budget 2014-15	Discretionary Grant Program Reform				
Administered	-	-121	-121	-121	-363
Departmental	-	-	-	-	-
Total	-	-121	-121	-121	-363

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2014-15	Pensioner Education Supplement – cessation¹				
Administered	-	-79	-80	-81	-241
Departmental	-	-5	-5	-5	-14
Total	-	-84	-85	-86	-255
Budget 2014-15	Reprioritising the Aged Care Workforce Supplement (reverse all savings)⁴				
Administered	-	-65	-68	-72	-205
Departmental	-	-1	-1	-1	-3
Total	-	-66	-69	-73	-207
Budget 2014-15	Disability Support Pension — compulsory participation requirements for recipients aged under 35 years⁵				
Administered	-	-1	-1	-1	-2
Departmental	-	2	2	2	7
Total	-	2	2	2	5
Budget 2014-15	Disability Support Pension — review recipients aged under 35 years^{6,7}				
Administered	-	3	3	3	9
Departmental	-	-	-	-	-
Total	-	3	3	3	9
Budget 2014-15	Disability Support Pension — reduced portability⁶				
Administered	-	-13	-14	-14	-41
Departmental	-	5	5	5	14
Total	-	-8	-9	-9	-26
Budget 2014-15	National Homelessness Research Strategy — reduced funding				
Administered	-	-3	-	-	-3
Departmental	-	-	-	-	-
Total	-	-3	-	-	-3

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2014-15	Health Flexible Funds — Pausing Indexation and achieving efficiencies (tranche 1, Budget 2014-15)				
Administered	-	-120	-39	-39	-198
Departmental	-	-	-	-	-
Total	-	-120	-39	-39	-198
Budget 2016-17	Health Flexible Funds — Pausing Indexation and achieving efficiencies (tranche 2, Budget 2016-17)				
Administered	-	-32	-58	-92	-182
Departmental	-	-	-	-	-
Total	-	-32	-58	-92	-182
Budget 2014-15	Abolish the Seafarer Tax Offset				
Administered	-	-4	-4	-4	-12
Departmental	-	-	-	-	-
Total	-	-4	-4	-4	-12
MYEFO 2014-15	Disability Support Pension — revised assessment process^{8,9}				
Administered	-	-19	-30	-30	-79
Departmental	-	19	38	38	96
Total	-	-1	9	9	17
MYEFO 2014-15	Cessation of social security benefits for certain people confined in a psychiatric institution¹				
Administered	-	-12	-13	-13	-38
Departmental	-	..	..	..	..
Total	-	-12	-13	-13	-38
Budget 2015-16	Arts and Cultural programs — efficiencies				
Administered	-	-1	-1	-1	-3
Departmental	-	-5	-5	-5	-14
Total	-	-6	-6	-6	-17

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2015-16	Employment Services – Changes to Service Fees and Cessation of Personal Contact Interviews^{8,10}				
Administered	-	-16	-16	-16	-47
Departmental	-	-9	-11	-12	-32
Total	-	-25	-27	-27	-80
Budget 2015-16	Growing Jobs and Small Business - Youth Employment Strategy - revised waiting period for youth income support^{1,3}				
Administered	-	-64	-66	-68	-197
Departmental	-	3	3	2	9
Total	-	-60	-63	-65	-188
Budget 2015-16	Australian Working Life Residence — tightening proportionality requirements¹				
Administered	-	-70	-73	-77	-220
Departmental	1	5	4	3	12
Total	1	-65	-69	-74	-208
Budget 2015-16	A New Remote Indigenous Housing Strategy¹¹				
Administered	-	-32	-32	-32	-95
Departmental	-	-	-	-	-
Total	-	-32	-32	-32	-95
Budget 2015-16	Reversal of Banking and Life Insurance unclaimed provisions¹²				
Administered	-	39	39	39	118
Departmental	-	-	-	-	-
Total	-	39	39	39	118
Budget 2015-16	Personal income tax — changes to tax residency rules for temporary working holiday makers (Backpacker Tax)¹³				
Administered	-	-40	-90	-90	-220
Departmental	-	2	..	-	2
Total	-	-38	-90	-90	-218

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
MYEFO 2015-16	Communications and the Arts Portfolio — efficiencies				
Administered	-	-5	-3	-3	-11
Departmental	-	-18	-18	-18	-54
Total	-	-23	-21	-21	-66
MYEFO 2015-16	Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives				
Administered	-	-225	-235	-247	-707
Departmental	-	7	6	6	19
Total	-	-218	-229	-241	-688
MYEFO 2015-16	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments				
Administered	-	-11	-5	-4	-20
Departmental	-	2	1	1	4
Total	-	-9	-4	-3	-16
MYEFO 2015-16	Job Seeker Services — streamlining arrangements				
Administered	-	-55	-62	-70	-187
Departmental	-	-	-	-	-
Total	-	-55	-62	-70	-187
MYEFO 2015-16	Aged Care Provider Funding — revision to the Aged Care Funding Instrument Complex Health Care Domain				
Administered	-	-191	-247	-324	-762
Departmental	-	-	-	-	-
Total	-	-191	-247	-324	-762
Budget 2016-17	Aged Care Provider Funding — further revision of the Aged Care Funding Instrument				
Administered	-	-270	-380	-504	-1,153
Departmental	-	1	1	1	2
Total	-	-269	-379	-503	-1,152

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
MYEFO 2015-16	Streamlining Health and Aged Care Workforce Program funding				
Administered	-	-244	-243	-243	-730
Departmental	-	..	..	..	1
Total	-	-243	-242	-242	-728
MYEFO 2015-16	Indigenous Advancement Strategy – indexation pause				
Administered	-	-	-18	-18	-36
Departmental	-	-	-	-	-
Total	-	-	-18	-18	-36
MYEFO 2015-16	Remote School Attendance Strategy - continuation¹⁴				
Administered	-	-27	-27	-27	-80
Departmental	-	-	-	-	-
Total	-	-27	-27	-27	-80
Budget 2016-17	Trans-Pacific Partnership Agreement¹⁵				
Administered	-	50	60	60	170
Departmental	-	-	-	-	-
Total	-	50	60	60	170
Budget 2016-17	Australian Securities and Investments Commission Registry Further Market Testing¹⁶				
Administered	-	-	-	-	-
Departmental	-	-	-	-	-
Total	-	-	-	-	-
Budget 2016-17	Higher Education Participation Program — efficiencies				
Administered	-	-22	-37	-92	-152
Departmental	-	..	..	..	..
Total	-	-22	-37	-92	-152

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2016-17	Healthier Medicare — trial of health care homes¹⁶				
Administered	-	-1	11	-	10
Departmental	-	1	1	-	1
Total	-	..	11	-	12
Budget 2016-17	Public Sector Transformation and the Efficiency Dividend				
Administered	-	-	-	-	-
Departmental	-	-299	-511	-615	-1,424
Total	-	-299	-511	-615	-1,424
Budget 2016-17	Cashless Debit Card — third trial site¹⁷				
Administered	-	nfp	-	-	nfp
Departmental	-	nfp	-	-	nfp
Total	-	nfp	-	-	nfp
Budget 2016-17	Compulsory Rent Deduction Scheme — establishment¹⁷				
Administered	-	nfp	nfp	nfp	nfp
Departmental	-	nfp	nfp	nfp	nfp
Total	-	nfp	nfp	nfp	nfp
Budget 2016-17	Department of Human Services — administrative efficiencies				
Administered	-	-	-	-	-
Departmental	-	-27	-27	-27	-80
Total	-	-27	-27	-27	-80
Budget 2016-17	National Disability Insurance Scheme Savings Fund — Backdating provisions for Carer Allowance^{8,9}				
Administered	-	-28	-33	-33	-93
Departmental	-	-3	..	..	-3
Total	-	-30	-33	-33	-96

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2016-17	National Disability Insurance Scheme Savings Fund — Disability Support Pension recipients review^{8,9}				
Administered	-	-25	-47	-65	-137
Departmental	-	24	27	6	57
Total	-	-1	-20	-59	-80
Budget 2016-17	National Disability Insurance Scheme Savings Fund — Not proceeding with the NDIS advertising campaign¹⁸				
Administered	-	-23	-23	-23	-68
Departmental	-	-	-	-	-
Total	-	-23	-23	-23	-68
Budget 2016-17	National Resources Development Strategy — exploring for the future¹⁶				
Administered	-	-	-	-	-
Departmental	-	20	31	25	76
Total	-	20	31	25	76
Budget 2016-17	Military engagement against terrorism in Afghanistan, Iraq, Syria^{16,19}				
Administered	-	17	-	-	17
Departmental	-	27	40	-	67
Total	-	44	40	-	84
Budget 2016-17	Foreign Affairs and Trade Portfolio — efficiencies				
Administered	-	-	-	-	-
Departmental	-	-24	-25	-25	-75
Total	-	-24	-25	-25	-75
Budget 2016-17	Australian International Education — enabling growth and innovation¹⁶				
Administered	-	3	3	3	9
Departmental	-	-	-	-	-
Total	-	3	3	3	9

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Budget 2016-17	Promotion of Excellence in Learning and Teaching in Higher Education — efficiencies				
Administered	-	-5	-6	-7	-18
Departmental	-	-1	-1	-1	-3
Total	-	-6	-7	-7	-21
MYEFO 2013-14	Reinstate the Insurance Reform Advisory Group²⁰				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the Australian Animal Welfare Advisory Committee²¹				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the National Steering Committee on Corporate Wrongdoing²²				
Administered	-	-	-	-	-
Departmental	-	-	-	-	-
Total	-	-	-	-	-
MYEFO 2013-14	Reinstate the Antarctic Animal Ethics Committee²¹				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the National Housing Supply Council				
Administered	-	-3	-3	-3	-8
Departmental	-	-	-	-	-
Total	-	-3	-3	-3	-8

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
MYEFO 2013-14	Reinstate the National Policy Commission on Indigenous Housing²³				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the Prime Minister's Council on Homelessness²⁴				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the Major Cities Unit (Department of Infrastructure and Regional Development)²¹				
Administered	-	-	-	-	-
Departmental	-	..	..	..	..
Total	-	..	..	..	..
MYEFO 2013-14	Reinstate the National Urban Policy Unit (Department of Infrastructure and Regional Development)²⁵				
Administered	-	-	-	-	-
Departmental	-	-	-	-	-
Total	-	-	-	-	-
Recommit funding left over in Clean Technology Investment Program (closed to new applications in October 2013)²⁶					
Administered	-	-255	-255	-255	-766
Departmental	-	-	-	-	-
Total	-	-255	-255	-255	-766
Restore Department of Social Services employment to Budget 2013-14 levels²⁷					
Administered	-	-	-	-	-
Departmental	-	-63	-70	-68	-200
Total	-	-63	-70	-68	-200

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal balance					
Restore Department of the Environment employment to Budget 2013-14 levels²⁷					
Administered	-	-	-	-	-
Departmental	-	-21	-24	-26	-71
Total	-	-21	-24	-26	-71
Restore funding to the Office of the Information Commissioner to Budget 2013-14 levels					
Administered	-	-	-	-	-
Departmental	-	-14	-17	-19	-49
Total	-	-14	-17	-19	-49

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

- 1 As this measure is unlegislated, any expected financial implications of the announced measure before 1 July 2017 have no financial implications under the proposed reversal.
- 2 The office of Senator Di Natale advised on 3 May 2016 that reversal of this measure does not include reversing the freeze to the income thresholds for the Medicare Levy Surcharge and the Private Health Insurance Rebate. As the pause in indexation of Medicare Benefits Schedule fees (excluding GPs) under this measure goes to 30 June 2016, and the continued indexation freeze beyond that date relates to subsequent Budget measures, the PBO estimates that there are nil financial implications for this item.
- 3 PBO estimates include the net financial implications of reversing the Budget/MYEFO measure and all previous and subsequent amendments to this measure.
- 4 The office of Senator Di Natale advised that the proposal is to reinstate the savings associated with the measure, rather than reversing the measure.
- 5 This measure increases expenditure over the forward estimates. The reversal of this expenditure would have positive financial implications on the fiscal and underlying cash balances. Expenditure prior to 1 July 2017 is considered foregone, and is not included in the financial implications for reversing this measure.
- 6 PBO estimates of the financial implications of reversing measures related to transfer payments or other demand-driven programs do not include administered expenditure prior to 1 July 2017.
- 7 PBO estimates of the financial implications of reversing this measure do not include the financial implications related to Disability Support Pension (DSP) recipients losing their payments or moving to other payments as a result of the eligibility review, since the review was already completed as of 31 December 2015. The financial implications reflect the reversal of expenditure on additional activity requirements for those DSP recipients in the target group who remain eligible for DSP.
- 8 PBO estimates of financial implications include additional departmental funding for implementation of policy reversal.

- 9 Savings from reduced expenditure on transfer payments prior to 1 July 2017 are not included in the financial implications. Likewise, any administration costs incurred prior to 1 July 2017 are considered foregone, and are not included in the financial implications for reversing this measure.
- 10 PBO estimates of the financial implications of reversing this measure are of low reliability. There is uncertainty as to whether the reinstating of the administration costs would be sufficient to meet the outcomes of renegotiated contracts.
- 11 The office of Senator Di Natale advised on 6 April 2016 that the proposal is to increase funding by \$95m to the Remote Indigenous Housing Strategy over the 2016-17 Budget forward estimates period.
- 12 PBO estimates of the financial implications of reversing this measure are of low reliability as they are based on assumptions of take-up rate.
- 13 This costing adopts the methodology and data used for the 2015-16 Budget costing of *Personal income tax – changes to tax residency rules for temporary working holiday makers*. However, Administrative Appeals Tribunal rulings have further clarified the residency test for tax purposes. The current costing takes account of this clarification. These estimates are considered to be of low reliability as they rely on a number of assumptions. Estimates have been rounded to the nearest \$10 million for revenue and to the nearest \$1 million for departmental expenditure.
- 14 The office of Senator Di Natale advised on 6 April 2016 that the proposal is to restore funding to the Indigenous Advancement Strategy, equivalent to the amount directed to the Remote School Attendance Strategy.
- 15 Revenue foregone prior to the start date of 1 July 2017 is not included in the financial implications.
- 16 Expenditure that occurs prior to 1 July 2017 is not reversed and is not included in the financial implications.
- 17 The financial implications of reversing this measure are not for publication as negotiations with commercial providers or with states and territories are yet to be finalised.
- 18 The estimated financial implications include reinstating unspent funds, as well as recommencing the NDIS advertising campaign.
- 19 The office of Senator Di Natale advised on 6 May 2016 that this item includes the following 2015-16 Budget measures: Operation Accordion – Extension, Operation Highroad – Extension, Operation Manitou – Extension and Operation Okra – Extension.
- 20 The Insurance Reform Advisory Group consulted with industry, consumers and other stakeholders. The PBO estimates that the financial implications of re-establishing this group would be close to zero.
- 21 Responsibilities and funding of the small agency have been subsumed by a larger agency, and transferring these back to the re-established small agency are expected to have near zero financial implications. The PBO estimates that the financial implications of re-establishing the agency, including the initial start-up costs, would be close to zero.
- 22 The National Steering Committee on Corporate Wrongdoing consisted of the Secretary of the Attorney-General's Department, the Chairman of ASIC and the Director of Public Prosecutions which met quarterly and reported to the Attorney General. Restoring the Steering Committee is considered to have zero financial implications.
- 23 The National Policy Commission on Indigenous Housing met four times a year with the Prime Minister and Minister for Indigenous Affairs. The PBO estimates that financial implications of re-establishing this commission would be close to zero.
- 24 The Prime Minister's Council on Homelessness was a panel of experts which reported to the Prime Minister. The PBO estimates that the financial implications of re-establishing this panel would be close to zero.

- 25 The Department of Infrastructure and Regional Development removed references to 'National Urban Policy' from MYEFO 2013-14 to reflect a change in government direction. The rebadging did not involve a reduction in funding or responsibilities. The PBO estimates that this reversal would have no financial implications.
- 26 PBO estimates include recommitting leftover funding for the Clean Technology Investment Program - General Program and Clean Technology Investment - Food and Foundries Program. The original program was over seven years from 2011-12, and ran for three years until it was closed to new applicants from 22 October 2013. PBO estimates allocate remaining funding over three years.
- 27 PBO estimates of the financial implications of reversing agency job reductions are of very low reliability because they are based on aggregate information on changes in agency expenses on employees, which includes both job reductions and any new positions created.

Table B2: Reversing Harsh and Harmful Budget Measures—Financial implications – Underlying cash balance^{(a)(b)(c)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on underlying cash balance					
Budget 2014-15	Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds¹				
Administered	-	-269	-280	-295	-844
Departmental	-	-	-	-	-
Total	-	-269	-280	-295	-844
Budget 2014-15	Maintain eligibility thresholds for Australian Government payments for three years^{1,2}				
Administered	-	-87	-42	-56	-185
Departmental	-	3	1	1	5
Total	-	-84	-41	-55	-180
Budget 2014-15	Disability Support Pension — reduced portability³				
Administered	-	-13	-14	-14	-41
Departmental	-	5	5	5	14
Total	-	-9	-9	-9	-26
Budget 2014-15	Abolish the Seafarer Tax Offset				
Administered	-	-	-4	-4	-8
Departmental	-	-	-	-	-
Total	-	-	-4	-4	-8
Budget 2014-15	Reversal of Banking and Life Insurance unclaimed provisions⁴				
Administered	-	66	60	58	183
Departmental	-	-	-	-	-
Total	-	66	60	58	183
Budget 2014-15	Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives				
Administered	-	-225	-234	-246	-705
Departmental	-	7	6	6	19
Total	-	-218	-228	-240	-687

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on underlying cash balance					
Budget 2014-15	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments				
Administered	-	-124	-60	-36	-220
Departmental	-	2	1	1	4
Total	-	-122	-59	-34	-215

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

(c) This table includes only those measures for reversal that have underlying cash balance implications that are different to the fiscal balance implications.

.. Not zero but rounded to zero.

- Indicates nil.

- 1 As this measure is unlegislated, any expected financial implications of the announced measure before 1 July 2017 would have no financial implications under the proposed reversal.
- 2 PBO estimates include the net financial implications of reversing the Budget/MYEFO measure and all previous and subsequent amendments to this measure.
- 3 PBO estimates of the financial implications of reversing measures related to transfer payments or other demand-driven programs do not include administered expenditure prior to 1 July 2017.
- 4 PBO estimates of the financial implications of reversing this measure are of low reliability as they are based on assumptions of take-up rate.



Policy costing—2016 post-election report

Name of proposal:	Nuclear veterans – atomic survivors healthcare card
Summary of proposal:	<p>The proposal has the following components:</p> <ul style="list-style-type: none"> • A year-long inquiry into the effects of the British nuclear tests on affected communities to determine the distribution of compensation in 2017-18. • Provide a lump sum compensation package of \$60 million to be paid in 2018-19. • Provide 1,200 ongoing Atomic Survivors Health Care Cards, based on the veterans’ Gold Card from 1 July 2018. • Expand eligibility to the veterans’ Gold Card to all surviving Australian Defence Force (ADF) personnel who participated in certain British Nuclear Tests conducted in Australia in the 1950s and 1960s from 1 July 2016.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease the fiscal balance by \$189.8 million and decrease the underlying cash balance by \$185.8 million over the 2016-17 Budget forward estimates period. On a fiscal balance basis, this impact reflects an increase in administered expenses of \$189.0 million and an increase in departmental expenses of \$0.8 million over this period. A breakdown of the costing components for the 2016-17 Budget forward estimates period is at [Attachment A](#).

This proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

The underlying cash balance financial implications of this proposal differ from the fiscal balance financial implications because of a claims processing lag for health related expenses.

This costing is considered to be of low reliability as it is based on assumptions about the number of surviving ADF personnel and members of communities affected by British nuclear tests and their ongoing total health care costs.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-21.1	-21.3	-105.2	-43.2	-189.8
Underlying cash balance	-19.1	-21.3	-103.2	-43.2	-185.8

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has assumed that:

- the average cost per Atomic Survivors health care card is based on the veterans' Gold Card and grows in line with per person costs of the Medicare Benefits Schedule
- recipients eligible for the Atomic Survivors health care card would have a similar mortality rate to that of ADF members who were also present at the British nuclear tests conducted in Australia in the 1950s and 1960s.

Methodology

Expenditure on the inquiry was estimated as the cost of five qualified health professionals for one year, plus an allowance for travel expenses to remote communities.

The compensation package estimate is \$60 million in 2018-19 as stated in the proposal.

The administered expenditure estimates for the Atomic Survivors health care card and the extension of the veterans' Gold Card to nuclear veterans were calculated by multiplying the cost per card by the number of eligible recipients.

Departmental estimates for implementation of the proposal were included to account for administration of the Atomic Survivors health care card and extension of the Gold Card to new recipients.

Administered financial implications have been rounded to the nearest \$1 million.

Departmental financial implications have been rounded to the nearest \$0.1 million.

Data sources

- Estimated average Gold Card and White Card costs for the 2014-15 financial year, as supplied by the Department of Veterans' Affairs (DVA).
- DVA study of British nuclear test participants.
- DVA study of Korean War veterans' mortality.
- PBO report no. 4/2015, Medicare Benefits Schedule: Spending trends and projections.
- The Department of Finance provided 2016-17 Pre-election Economic and Fiscal Outlook indexation and efficiency dividend parameters.

Attachment A: Nuclear veterans – atomic survivors healthcare card—financial implications

Table A1: Nuclear veterans – atomic survivors healthcare card—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Inquiry	-	-2.0	-	-	-2.0
Compensation package	-	-	-60.0	-	-60.0
Atomic Survivors health care card	-	-	-28.0	-27.0	-55.0
Extend veterans' Gold Card to nuclear veterans	-21.0	-19.0	-17.0	-16.0	-72.0
Departmental	-0.1	-0.3	-0.2	-0.2	-0.8
Total	-21.1	-21.3	-105.2	-43.2	-189.8

(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.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Nuclear veterans – atomic survivors healthcare card—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Inquiry	-	-2.0	-	-	-2.0
Compensation package	-	-	-60.0	-	-60.0
Atomic Survivors health care card	-	-	-26.0	-27.0	-52.0
Extend veterans' Gold Card to nuclear veterans	-19.0	-19.0	-17.0	-16.0	-71.0
Departmental	-0.1	-0.3	-0.2	-0.2	-0.8
Total	-19.1	-21.3	-103.2	-43.2	-185.8

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Nuclear Waste
<p>Summary of proposal:</p>	<p>The proposal would implement a National Radioactive Waste Plan.</p> <p>The components of this proposal are:</p> <p><u>Component 1</u></p> <p>Reaffirm prohibitions on the importation and disposal of international radioactive waste.</p> <p><u>Component 2</u></p> <p>Containerise and isolate intermediate radioactive waste at Lucas Heights.</p> <p><u>Component 3</u></p> <p>Stop the National Radioactive Waste Management Facility Project.</p> <p><u>Component 4</u></p> <p>Stop the Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project.</p> <p><u>Component 5</u></p> <p>Undertake an 18-month independent inquiry into national nuclear waste management. This inquiry would include an audit of all sites where nuclear waste is stored or produced and the transport of any unsafe materials to existing radioactive waste facilities.</p> <p>The proposal would have effect from 1 January 2017.</p>
<p>Party:</p>	<p>Australian Greens</p>
<p>Expiry date for the costing:</p>	<p>Release of the next economic and fiscal update</p>

Costing overview

The total financial implications of this proposal are unquantifiable as the Parliamentary Budget Office (PBO) is unable to estimate what the audit and transport costs would be for an unknown quantity of nuclear waste under Component 5 of this proposal. However, the PBO estimates that these costs could run into the hundreds of millions of dollars given the large number of potential sites requiring waste removal and significant transport costs for each site.

The remaining components of this proposal would be expected to decrease the fiscal and underlying cash balances by \$29 million over the 2016-17 Budget forward estimates period. This reflects:

- a decrease in Commonwealth non-tax revenue of \$60 million that relates to foregone profits from isotope sales by the ANSTO Nuclear Medicine Project that are currently expected to be provided to Government in the form of dividends arising from an earlier equity injection of \$168.2 million over the four years to 2016
- a decrease in administered expenditure of \$30 million and a decrease in departmental expenditure of \$1 million over this period. Decreased administered and departmental expenditure relate to savings from stopping the National Radioactive Waste Management Facility Project.

A breakdown of the financial implications of this proposal for the period 2016-17 to 2019-20 is included at [Attachment A](#).

The proposal would have an ongoing net cost to the Budget bottom line of approximately \$20 million per year beyond the 2016-17 Budget forward estimates period.

This costing is considered unquantifiable and therefore no overall reliability rating has been assigned. The quantified components of the costing are considered to be of high reliability as they are based on information provided by the Department of Industry, Innovation and Science (DIIS) and ANSTO.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	*	*	6	-20	*
Underlying cash balance	*	*	6	-20	*

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

* Unquantifiable.

Key assumptions

The PBO has assumed that:

- Component 1 of the proposal would require no additional departmental expense for DIIS
- this proposal would be announced as Government policy immediately following the election and that DIIS and ANSTO would have been instructed not to enter into new contracts from that date.

Methodology

Component 2 would have no financial implications as this process is already underway and the costs for it were funded in the 2015-16 Budget (see *Data sources*).

The financial implications of Component 3 were estimated as the uncommitted administered expenditure estimates and related departmental expenditure estimates over the period 2016-17 to 2019-20.

The financial implications of Component 4 were estimated as the amount of revenue to the Commonwealth that would be foregone from the ANSTO nuclear medicine project ceasing international export of radioactive isotopes.

Data sources

DIIS provided expenditure estimates and amounts of committed and uncommitted funding for the period 2015-16 to 2019-20.

ANSTO provided expected dividends.

2015-16 Budget measures, *Australian Nuclear Science and Technology Organisation — interim radioactive waste storage* and *Australian Nuclear Science and Technology Organisation — repatriation of intermediate level radioactive waste*.

Attachment A: Nuclear Waste—financial implications

Table A1: Nuclear Waste—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal and underlying cash balances					
Revenue					
Commonwealth non-tax revenue - ANSTO Nuclear Medicine Project	-10	-20	-10	-20	-60
Expenses					
DIIS administered	5	10	15	-	30
DIIS departmental	..	..	1	-	1
National Nuclear Waste Management Inquiry	*	*	-	-	*
Total	*	*	6	-20	*

(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.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

* Unquantifiable.

- Indicates nil.



Policy costing—2016 post-election report

Name of proposal:	Innovation nation - Set up an Innovation Commissioner
Summary of proposal:	<p>The proposal would set up an Innovation Commissioner to work with industry, universities, business, government agencies and Innovation and Science Australia to advance the innovation agenda.</p> <p>The Innovation Commissioner would also be responsible for developing a comprehensive innovation strategy, including a National Social Innovation Strategy.</p> <p>The proposal would have effect from 1 July 2017.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$3.1 million over the 2016-17 Budget forward estimates period. This reflects an increase in Departmental expenses only. This impact includes ongoing expenditure of around \$0.9 million per annum associated with the appointment of the Innovation Commissioner (and the provision of support staff) and additional expenditure of \$0.4 million in 2017-18 for the development of the National Social Innovation Strategy.

This costing is considered to be of high reliability as it is based on the cost of similar existing commissioners.

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

Impact on (\$m)	2016-17	2017-18	2018-19	2019-20	Total
Fiscal balance	-	-1.3	-0.9	-0.9	-3.1
Underlying cash balance	-	-1.3	-0.9	-0.9	-3.1

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

It has been assumed that:

- the Innovation Commissioner would be provided with support staff
- additional funding would be provided in 2017-18 for the development of the National Social Innovation Strategy.

Methodology

Departmental expenditure estimates are based on costs associated with existing disability commissioners (including support staff estimates). Estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Determination 2015/10: Judicial and Related Offices – Remuneration and Allowances <http://remtribunal.gov.au/media/documents/2016/2015-determinations/2015-10-principal-determination-judicial-and-related-offices-remuneration-and-allowances/2015-10-Judicial-and-Related-Det-1-July-2015.pdf>.



Policy costing—2016 post-election report

Name of proposal:	Homelessness Services Action Plan
Summary of proposal:	<p>The proposal would increase the amount of funding for homelessness services provided by the Australian Government over 10 years. In particular, funding for Street Outreach, Street to Home initiatives, and intervention and prevention programs provided under the original National Partnership Agreement on Homelessness (NPAH) funding would be doubled from 2012-13 levels.</p> <p>In addition to the above, the proposal would increase the amount of Commonwealth funding for Specialist Homelessness Services (SHS) under the National Affordable Housing Agreement (NAHA) by a fixed amount of \$507 million per year.</p> <p>The proposal would have effect from 1 September 2016.</p>
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

The Commonwealth currently provides funding for homelessness services to the states and territories under both the NAHA and the NPAH. This proposal would increase the amount of Commonwealth funding under these agreements over 10 years.

The proposal would be expected to decrease both the fiscal and underlying cash balances by \$3,074 million over the 2016-17 Budget forward estimates period. These financial implications are entirely due to an increase in administered expenditure over this period. Departmental costs are not expected to be significant and have not been included in the costing.

The proposal would have financial implications beyond the 2016-17 Budget forward estimates period.

This costing is considered to be of high reliability as it is based on specified increases to existing programs, based on historical funding levels.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-593.0	-827.0	-827.0	-827.0	-3,074.0
Underlying cash balance	-593.0	-827.0	-827.0	-827.0	-3,074.0

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

(b) Figures may not sum to totals due to rounding.

Methodology

The total cost of the proposal is the sum of the increased amounts of expenditure for each component of the proposal.

National Partnership Agreement on Homelessness funding

- NPAH funding for 2012-13 was \$160 million. This nominal funding level was doubled and applied to 2016-17 and later years.
 - In 2016-17 the current level of NPAH funding provided in the budget estimates is \$115 million. The financial implication of this component of the proposal in 2016-17 would be the difference between the budget base and the proposed new expenditure level.
 - Beyond 2016-17 there is currently no funding appropriated for the NPAH. Doubling the amount of the original NPAH funding would cost the Commonwealth \$320 million per year from 2017-18.

Special Homelessness Services

- Total spending on Specialist Homelessness Services was approximately \$507 million in 2011-12. This included the Commonwealth contribution under both NAHA and NPAH. As specified, an additional \$507 million per year of Commonwealth funding would allow the expenditure on Specialist Homelessness Services to be doubled relative to the 2011-12 amount.

Data sources

ABS Cat. No. 2049.0 - Census of Population and Housing: Estimating homelessness, 2011.

Report on Government Services 2013, Chapter 17: Homelessness Services, Table 17A.2, available at: <http://www.pc.gov.au/research/ongoing/report-on-government-services/2013/2013>.

National Affordable Housing Agreement, available at: http://www.federalfinancialrelations.gov.au/content/national_agreements.aspx

National Partnership Agreement on Homelessness – 2015-2017, available at: http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/homelessness_NP_2015.pdf

National Partnership Agreement on Homelessness (suspended), available at: http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/past/homelessness_NP_superseded2.pdf

2016-17 Budget Paper No. 3.

GRN105: Protecting our Precious Places - restoration of funding for the Commonwealth Environmental Water Holder



Parliament of Australia
Parliamentary Budget Office

Policy costing—2016 post-election report

Name of proposal:	Protecting our precious places - restoration of funding for the Commonwealth Environmental Water Holder
Summary of proposal:	The proposal would restore funding for the Commonwealth Environmental Water Holder to its 2015-16 levels across the forward estimates with the costs to be indexed by the Consumer Price Index (CPI) The proposal would have effect from 1 September 2016.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$122.0 million over the 2016-17 Budget forward estimates period. This is entirely due to an increase in departmental expenditure.

This proposal would have an ongoing financial impact beyond the 2016-17 Budget forward estimates period.

This costing is considered to be of high reliability. It is based on financial information and economic parameters recently published in the 2016-17 Budget documents.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-38.5	-39.5	-44.0	-122.0
Underlying cash balance	-	-38.5	-39.5	-44.0	-122.0

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

The 2016-17 Budget forward estimates for Program 4.2 of the Department of the Environment, Commonwealth Environmental Water, published in Portfolio Budget Statements, was used as the baseline for this proposal. The budget estimate for the 2015-16 financial year was indexed by CPI for each of the 2016-17 Budget forward estimate years. This projected level of expenditure was then subtracted from the baseline to calculate the financial implications of the proposal.

Data sources

Department of the Environment 2016-17 Portfolio Budget Statements.

The Department of Finance provided indexation and efficiency dividend parameters.

GRN106: Protecting the Great Barrier Reef - doubling existing emergency response preparedness fund for oil spills and other pollution



Parliament of Australia
Parliamentary Budget Office

Policy costing—2016 post-election report

Name of proposal:	Protecting the Great Barrier Reef – doubling existing emergency response preparedness fund for oil spills and other pollution
Summary of proposal:	The proposal would increase Australian Maritime Safety Authority (AMSA) collections under the Protection of the Sea Levy (the Levy) to raise an additional \$20.0 million in pollution response reserves. This proposal would commence on 1 September 2016.
Party:	Australian Greens
Expiry date for the costing:	Release of the next economic and fiscal update

Costing overview

The Levy rate is set as a cost per net registered tonne per quarter on any vessel of 24 metres or longer carrying 10 tonnes or more of oil. The Levy rate was reduced from 14.25 cents to 11.25 cents on 1 July 2014. The higher rate of 14.25 cents was, in part, used to establish a \$10.0 million pollution response reserve. This proposal would raise the Levy rate to increase the reserve to \$30.0 million.

This proposal would be expected to increase the fiscal and underlying cash balances by \$20.0 million over the 2016-17 Budget forward estimates period. This is entirely due to an increase in revenue. The proposal would not have an impact on departmental expenses as the activities would not have a material impact on the function of the AMSA.

This proposal would not be expected to have a net impact on the budget beyond the 2016-17 Budget forward estimates period.

This costing is considered to be of medium reliability due to uncertainty relating to future environmental impacts and the capacity of the AMSA to raise sufficient funds to maintain the increased pollution response reserves.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	10.0	10.0	-	-	20.0
Underlying cash balance	10.0	10.0	-	-	20.0

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

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that:

- there would be no behavioural response from the increase in the Levy
- future expenditure of the \$30 million pollution response reserve would be offset by increases in the Levy in the same year.

Methodology

The additional funds required under this proposal would be raised by increasing the Levy by approximately 6 cents per tonne per quarter for the years 2016-17 and 2017-18.

Data sources

2014-15 AMSA annual report.