



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Cancel the Joint Strike Fighter program
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	28 February 2013, Senator Milne/ Senator Ludlam http://scott-ludlam.greensmps.org.au/content/motions/scrapping-joint-strike-fighter
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	Cancel the Joint Strike Fighter programme. In 2002 the government announced the purchase of up to 100 Joint Strike Fighters after no public consultation or competitive tendering. In 2009, the Government announced approval for the purchase of the first 14 Joint Strike Fighters at a cost of around \$3.2 billion. Of these, we are contractually committed to two, which will be delivered in the course of 2014 to 2015 in the United States for testing and training purposes..= Defence Minister Smith said in March 2012, “We've publicly said we'll take another twelve. The schedule for that is now under consideration.”
What is the purpose or intention of the policy?	To redirect spending to higher priorities, especially given problems besetting the program, which has led other governments to cancel orders.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy?	No.

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If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?				
Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	No			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	36	193	142	326
Fiscal balance (\$m)	36	193	142	326
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	See PBO costing.			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	Yes, by the PBO, 18 June 2013.			
What is the expected community impact of the policy? How many people will be affected by the policy?				

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What is the likely take up? What is the basis for these impact assessments/assumptions?	
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Department of Defence
Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).	Yes
Intended date of implementation.	October 2013
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	Department of Defence 2009 White Paper Senate FADT Committee Defence Procurement Inquiry JSF Overview and Status, Parliamentary Library Defence commentators such as Dylan Welch
Are there any other assumptions that need to be considered?	Exchange rate.
<p>NOTE:</p> <p><i>Please note that:</i></p> <ul style="list-style-type: none"> <i>The costing will be on the basis of information provided in this costing request.</i> <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i> 	