



## Policy costing request—during the caretaker period for a general election

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| <b>Name of policy:</b>  | Universities: Base Funding Lift  |
| Person requesting costing:  | Senator Di Natale  |
| Parliamentary party:  | Australian Greens  |
| Date of request to cost the policy:   | 28 June 2016   |
| <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 (ie from the Treasury or the Department of Finance)?  | No   |
| Details of the public release of this policy (Date, by whom and a reference to that release):   | <a href="http://greens.org.au/sites/greens.org.au/files/Initiative%20-%20Fight%20the%20Fees%20Final.pdf">http://greens.org.au/sites/greens.org.au/files/Initiative%20-%20Fight%20the%20Fees%20Final.pdf</a>  |
| <b>Description of policy</b>  |  |
| Summary of policy (as applicable, please attach copies of relevant policy documents):   | Reverse all proposed cuts to universities in 2013-14 and 2014-15 budgets and increase base funding for teaching and learning in tertiary education by 10 per cent.<br><br>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. |
| What is the purpose or intention of the policy?   | To increase the proportion of the population that will attain a higher education qualification, particularly those with disadvantaged backgrounds and give greater employment security to people working in universities.  |
| <b>What are the key assumptions that have been made in the policy, including:</b>   |  |
| Is the policy part of a package?<br>If yes, list the components and interactions with proposed or existing policies.  | Yes, this will interact with the Greens policy to reduce HELP debt for students by 20 per cent.  |
| Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount? | As per formula above.  |

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| Will third parties (for instance the States/Territories) have a role in funding or delivering the policy?<br>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?  | No  |         |         |         |
| Are there associated savings, offsets or expenses?<br>If yes, please provide details.  | No  |         |         |         |
| Does the policy relate to a previous budget measure?<br>If yes, which measure?   | Yes, it overrides the governments intended changes.   |         |         |         |
| 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?<br>If yes, list factors to be used.  | The indexation formula is based on 90 per cent of the Labour Price Index (Professional) plus the Consumer Price Index with weightings of 75 per cent and 25 per cent respectively. See chapter 4.2 of the Bradley Review. It was implemented in 2009 to begin on 1 July 2012. |         |         |         |
| <b>Expected impacts of the proposal</b>  |   |         |         |         |
| 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?  |   |         |         |         |
| <b>Estimated financial implications (outturn prices)<sup>(a)</sup></b>   |   |         |         |         |
|  | 2016–17   | 2017–18 | 2018–19 | 2019–20 |
| Underlying cash balance (\$m)  | -408  | -1459   | -2304   | -2776   |
| Fiscal balance (\$m)   | -419  | -1482   | -2319   | -2780   |
| (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)?  |   |         |         |         |
| Has the policy been costed by a third party?<br>If yes, can you provide a copy of this costing and its assumptions?  | No  |         |         |         |

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| <p>What is the expected community impact of the policy?</p> <p>How many people will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>   | <p>Increased and stable funding will benefit university staff, academic staff, students and prospective students.</p> <p>It will improve Australia’s research capability and set us up for the economic challenges that lie ahead.</p> |
| <p><b>Administration of policy:</b></p>  |  |
| <p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>   | <p>Department of Education</p>   |
| <p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>   | <p>No</p>  |
| <p>Intended date of implementation:</p>  | <p>1 January 2017</p>  |
| <p>Intended duration of policy:</p>  | <p>Ongoing</p>   |
| <p>Are there transitional arrangements associated with policy implementation?</p>  | <p>Yes – the 10% increase is to happen from 1 January 2020 phased up from 1 January 2017.</p>  |
| <p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>  | <p>Bradley Review into Higher Education</p>  |
| <p>Are there any other assumptions that need to be considered?</p>   | <p>No</p>  |
| <p><b>NOTE:</b></p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><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></p> |  |