



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Seizing the Tourism Boom* (letter of 29 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016



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.