Phil Bowen PSM FCPA
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, *National Anti-Corruption Watchdog* (letter of 24 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

June 2016

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]

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 21months 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.