



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, *Boost TAFE Funding and establish VET Ombudsman* (letter of 28 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

28 June 2016



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)

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.