



Parliament of Australia
Parliamentary Budget Office

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, *Alcohol and other drug treatment* (letter of 1 July 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

/ July 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Alcohol and other drug treatment
Summary of proposal:	<p>The proposal would provide additional Commonwealth funding for alcohol and other drug treatment services to improve treatment outcomes and provide certainty to treatment providers.</p> <p>\$900 million over three years would be provided and the profile of the funding would be as follows:</p> <ul style="list-style-type: none">• 2017-18: \$200 million• 2018-19: \$300 million• 2019-20: \$400 million. <p>Departmental costs for administering this proposal would be met from within the capped funding amounts.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016 http://greens.org.au/alcohol-drug-treatment
Date costing request received:	1 July 2016
Date costing completed:	1 July 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 \$900.0 million over the 2016-17 Budget forward estimates period. The impacts are due to an increase in administered expenses of \$897.2 million and an increase in departmental expenses of \$2.8 million.

This proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates period as the funding for the proposal would terminate on 30 June 2020. A breakdown of expenses by administered and departmental impacts is provided at [Attachment A](#).

This costing is considered to be of high reliability as the total capped Commonwealth funding is as specified in the proposal.

Table 1: Financial implications (outturn prices)^(a)

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-200.0	-300.0	-400.0	-900.0
Underlying cash balance	-	-200.0	-300.0	-400.0	-900.0

(a) A positive number represents an increase in the relevant budget balance, a negative number a decrease.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

Departmental expense estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on similar programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expense estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Alcohol and other drug treatment— financial implications

Table A1: Alcohol and other drug treatment—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-199.2	-299.1	-398.9	-897.2
<i>Departmental</i>	-	-0.8	-0.9	-1.1	-2.8
Total	-	-200.0	-300.0	-400.0	-900.0

(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.

- Indicates nil.