



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, *Sustainable Water Institute* (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:	Sustainable Water Institute
Summary of proposal:	<p>The proposal would establish an independent, national Sustainable Water Institute within the Environment portfolio to administer a fund for key water innovation programs. Funding would be \$25 million for each year over the period 2017-18 to 2020-21.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 June 2016
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Additional information requested (including date):	On 1 July 2016 the Parliamentary Budget Office sought clarification from the office of Senator Di Natale (the office) on the start date for the Sustainable Water Institute administered funding.
Additional information received (including date):	On 1 July 2016 the office confirmed that the start date for Sustainable Water Institute administered funding would be 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$81.2 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of \$75.0 million and departmental expenses of \$6.2 million.

The proposal would have an impact \$26.7 million in 2020-21. A breakdown of the financial implications of this proposal over the period 2016-17 to 2020-21 is provided at [Attachment A](#).

This costing is considered to be of high reliability as the estimates are based on capped administered funding with departmental funding comparable to similar programs.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1.3	-26.6	-26.6	-26.6	-81.2
Underlying cash balance	-1.3	-26.6	-26.6	-26.6	-81.2

(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.

Methodology

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to capped amounts and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices. The funding in 2016-17 represents start-up costs in order for the Institute to commence on 1 July 2017.

Data sources

Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Sustainable Water Institute— financial implications

Table A1: Sustainable Water Institute—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
Fiscal and underlying cash balances – expenses/payments							
Administered	-	-25.0	-25.0	-25.0	-75.0	-25.0	-100.0
Departmental	-1.3	-1.6	-1.6	-1.6	-6.2	-1.7	-7.9
Total	-1.3	-26.6	-26.6	-26.6	-81.2	-26.7	-107.9

(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.