



Parliamentary
Budget Office

APPENDIX D – COSTING
DOCUMENTATION FOR
THE COALITION’S ELECTION
COMMITMENTS

Contents

PER009 – National Water Grid	D-1
PER019 – Australian Apprentice Wage Subsidy Trial - expansion	D-4
PER033 – Pharmaceutical Benefits Scheme - Increasing the safety net	D-7
PER041 – Farm Household Allowance - permanent increase to asset threshold	D-11
PER047 – Australian Business Growth Fund - equity investment	D-15
PER056 – Mid-career checkpoint	D-19
PER061 – Supporting sport and physical activity	D-22
PER062 – First Home Loan Deposit Scheme	D-25
PER063 – Protected Mobile Fires Project (LAND 8112)	D-30
PER066 – Efficiency dividend extension	D-33
PER067 – Infrastructure Investment Program - Urban Congestion Fund	D-38
PER068 – Funding construction of East West Link	D-39
PER100 – Various capped costings	D-41



Policy costing

National Water Grid	
Party:	Coalition
<p>Summary of proposal:</p> <p>The proposal would establish a new statutory authority called the National Water Grid to deliver strategic planning and project management for water policy and water infrastructure across Australia. Funding of \$100 million would be redirected from the National Water Infrastructure Development Fund to the National Water Grid.</p> <p>The proposal would have effect from 1 July 2019.</p>	

Costing overview

The proposal would not be expected to affect the fiscal and underlying cash balances over the 2019-20 Budget forward estimates period as the cost of establishing the new authority would be offset by redirected funds from the National Water Infrastructure Development Fund until that Fund ceases on 30 June 2025.

The proposal is expected to have ongoing financial implications beyond the 2019-20 Budget estimates period from 2025-26. The financial implications of the proposal from 2019-20 to 2029-30 are provided at [Attachment A](#).

The financial implications of this costing over the period to 2024-25 are sensitive to the availability of uncommitted funds from the National Water Infrastructure Development Fund. The financial implications from 2025-26 are sensitive to the assumed level of funding for the new authority, and to indexation parameters.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-	-	-	-	-
Underlying cash balance	-	-	-	-	-

(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.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Uncommitted funds from the National Water Infrastructure Development Fund to offset the specified \$100 million provided for the new authority from 2019-20 to 2024-25 would be spread over the period, averaging \$16.7 million per year.
 - This would comprise ongoing annual funding and additional establishment funding which would be provided in the first year of operation.
- Ongoing annual funding would grow at wage cost index 3 net of the efficiency dividend.

Methodology

The financial implications of the proposal are the estimated expenses of the new authority minus the specified offset. Annual expenses were estimated by applying the assumptions outlined above.

For the period 2019-20 to 2024-25, net annual expenses were determined to be zero by confirming that sufficient uncommitted funds exist in the National Water Infrastructure Development Fund to offset the specified expenses of the new authority over that period.

Estimates are rounded to the nearest \$100,000.

Data sources

The Department of Infrastructure, Regional Development and Cities provided information on the National Water Infrastructure Development Fund as at 11 April 2019.

The Department of Finance provided economic parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

Department of Finance and the Treasury, 2019. *Public release of 2019 election commitment costing: COA009 - National Water Grid*. [Online] Available at:

https://www.electioncostings.gov.au/?field_costing_portfolio_tid=All&field_status_tid=All&field_costing_released_by_value=All&page=2 [Accessed on 29.05.2019].

Liberal Party of Australia, 2019. *Our Plan for a Stronger Agriculture, Fisheries and Forestry Sector*.

[Online] Available at: <https://www.liberal.org.au/our-plan-stronger-agriculture-fisheries-and-forestry-sector> [Accessed on 29.05.2019].

Attachment A – National Water Grid – financial implications

Table A1: National Water Grid – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	2027– 28	2028– 29	2029– 30	Total to 2022–23	Total to 2029–30
Expenses													
<i>National Water Grid</i>	-19.9	-15.8	-15.9	-16.0	-16.1	-16.2	-16.4	-16.5	-16.6	-16.7	-16.8	-67.6	-182.9
<i>Offset: National Water Infrastructure Development Fund</i>	19.9	15.8	15.9	16.0	16.1	16.2	-	-	-	-	-	67.6	100.0
Total – expenses	-	-	-	-	-	-	-16.4	-16.5	-16.6	-16.7	-16.8	-	-82.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.

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

- Indicates nil.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Australian Apprentice Wage Subsidy Trial - expansion	
Costing Identifier:	COA019
Summary of costing:	The proposal is to invest \$60.0 million to expand the Australian Apprentice Wage Subsidy Trial, providing wage subsidies for a further 1,630 eligible employers in rural and regional Australia to take on new apprentices.
Ongoing or Terminating (including date)^(a)	Terminating on 30 June 2023
Person making the request:	Prime Minister
Date costing request received:	9 May 2019
Date of public release of policy:	26 April 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-12.7	-23.6	-16.6	-7.1
Fiscal Balance (\$m)	0.0	-12.7	-23.6	-16.6	-7.1

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The proposal has been costed as a specified amount.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes that departmental expenses associated with the policy will be absorbed by the Department of Education and Training.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

- **Costing techniques**

The costing assumes that, consistent with the costing request:

- any funding provided to expand the Australian Apprentice Wage Subsidy Trial would be made within the capped funding amount of \$60.0 million over four years from 1 July 2019;
- incentive payments would be paid to employers of up to 1,630 eligible apprentices;
 - eligible apprentices are new workers undertaking apprenticeships full-time at the Certificate III and IV levels in occupations on the National Skills Needs List (NSNL) in rural and regional areas;
- consistent with the existing Australian Apprentice Wage Subsidy Trial, the Department of Education and Training would put in place strategies for managing program demand to align with the capped funding profile;
- apprentice numbers would be based on a per capita distribution across states;
- payments will be based on award wage rates, subsidising 75 per cent of the first year's wage, 50 per cent in the second year and 25 per cent in the third year; and
- apprenticeship durations of four years would have no subsidy provided for the fourth year.

- **Policy parameters**

Not applicable.

- **Statistical data used**

Not applicable.

Behavioural assumptions used (as appropriate)

Not applicable.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Pharmaceutical Benefits Scheme – increasing the safety net	
Costing Identifier:	COA033
Summary of costing:	This costing outlines the impact of lowering the Pharmaceutical Benefits Scheme (PBS) Safety Net threshold from 1 January 2020 by the equivalent of 12 full-priced scripts for concession cardholders and the equivalent of approximately two full-priced scripts for non-concession cardholders (general patients).
Ongoing or Terminating (including date)^(a)	Ongoing
Person making the request:	Prime Minister
Date costing request received:	9 May 2019
Date of public release of policy:	2 May 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-6.0	-104.3	-107.5	-111.0
Fiscal Balance (\$m)	0.0	-6.4	-109.8	-107.7	-111.2

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

The table below provides the separate identification of the impacts on the Department of Health and Department of Veterans' Affairs.

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Health – Underlying Cash Balance (\$m)	0.0	-5.8	-101.2	-104.4	-108.0
Department of Veterans' Affairs – Underlying Cash Balance (\$m)	0.0	-0.2	-3.1	-3.1	-3.0
Total – Underlying Cash Balance (\$m)	0.0	-6.0	-104.3	-107.5	-111.0
Health – Fiscal Balance (\$m)	0.0	-6.2	-106.5	-104.6	-108.2
Department of Veterans' Affairs – Fiscal Balance (\$m)	0.0	-0.2	-3.3	-3.1	-3.0
Total - Fiscal Balance (\$m)	0.0	-6.4	-109.8	-107.7	-111.2

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, it is assumed that the Department of Health will absorb any associated departmental operating or capital expenses.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

The costing reflects the current script volume estimates.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

The costing is based on analysis of PBS historical data to predict future consumption rates based on a patient's safety net status, and applying the impact of lowered safety net thresholds.

Policy parameters

The costing assumes, consistent with the costing request, the policy would start from 1 January 2020, to reduce the general safety net from \$1,586.40 threshold to \$1,486.80 (approximately 38 to 36 scripts at the maximum co-contribution rate of \$41.30) and to reduce the concessional safety net from \$396.00 threshold to \$316.80 (60 to 48 scripts at the maximum co-contribution rate of \$6.60).

A patient's co-payment and safety net threshold will continue to be indexed in line with the Consumer Price Index on 1 January each year.

Statistical data used

The costing is based on the 2017-18 PBS transactional data.

Behavioural assumptions used (as appropriate)

A patient's uptake of medicines once reaching the safety net is consistent with behavior under the existing threshold.



Attachment A – Pharmaceutical Benefits Scheme – Increasing the safety net – medium-term financial implications

This attachment has been prepared by the Parliamentary Budget Office (PBO) to indicate the medium-term financial impacts of this proposal. The PBO has used the same methodology as outlined by the Department of Finance to estimate these impacts.

Table A1: Pharmaceutical Benefits Scheme – Increasing the safety net – Fiscal balance (\$m)^{(a)(b)(c)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Expenses													
<i>Administered</i>													
<i>Department of Health</i>	-6.2	-106.5	-104.6	-108.2	-111.8	-115.6	-119.5	-123.5	-127.7	-132.0	-136.4	-325.4	-1,191.8
<i>Department of Veterans' Affairs</i>	-0.2	-3.3	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0	-2.9	-2.9	-2.9	-9.6	-30.3
Total – expenses	-6.4	-109.8	-107.7	-111.2	-114.8	-118.6	-122.5	-126.5	-130.6	-134.9	-139.3	-335.0	-1,222.1

- (a) Figures for the period 2019-20 to 2022-23 are consistent with the costing prepared by the Department of Finance. Figures for the period 2023-24 to 2029-30 are PBO estimates.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.
- (c) Figures may not sum to totals due to rounding.

Table A2: Pharmaceutical Benefits Scheme – Increasing the safety net – Underlying cash balance (\$m)^{(a)(b)(c)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Payments													
<i>Administered</i>													
<i>Department of Health</i>	-5.8	-101.2	-104.4	-108.0	-111.6	-115.3	-119.2	-123.2	-127.4	-131.7	-136.1	-319.5	-1,183.9
<i>Department of Veterans' Affairs</i>	-0.2	-3.1	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0	-2.9	-2.9	-2.9	-9.4	-30.1
Total – payments	-6.0	-104.3	-107.5	-111.0	-114.6	-118.3	-122.2	-126.2	-130.3	-134.6	-139.0	-328.9	-1,214.0

- (a) Figures for the period 2019-20 to 2022-23 are consistent with the costing prepared by the Department of Finance. Figures for the period 2023-24 to 2029-30 are PBO estimates.
- (b) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (c) Figures may not sum to totals due to rounding.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Farm Household Allowance – permanent increase to asset threshold	
Costing Identifier:	COA041
Summary of costing:	The Farm Household Allowance (FHA) asset threshold test would be permanently increased to \$5.0 million from (\$2.6 million), from 1 July 2019.
Ongoing or Terminating (including date)^(a)	Ongoing.
Person making the request:	Prime Minister.
Date costing request received:	9 May 2019.
Date of public release of policy:	27 April 2019.
Date costing completed:	15 May 2019.
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-2.5	-6.5	-10.6	-14.7
Fiscal Balance (\$m)	0.0	-2.5	-6.5	-10.6	-14.7

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The proposal has been costed as a demand driven program.

Where relevant, include separate identification of revenue and expense components.

The gross impact on the underlying cash balance and the fiscal balance of the additional FHA payments and additional income tax revenue associated with additional FHA payments are:

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
FHA Expense (\$m)	0.0	-2.5	-6.7	-11.2	-15.8
Income Tax Revenue (\$m)	0.0	0.0	0.2	0.6	1.1

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes that the Department of Human Services would absorb any associated departmental operating or capital costs.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

The costing includes an income tax revenue effect. The costing request did not include the income tax revenue effects of additional FHA payments.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Where relevant, include an explanation of the medium term implications of the proposal^(c).

The cost of FHA payments in 2023-24 would be \$18.5 million, and would increase every year thereafter at the Consumer Price Index rate.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

- **Costing techniques.**

The costing assumes an additional 30 new recipients per month receiving FHA payments and remaining on payment for the full four years, as currently entitled. This number of entrants is based on observed behavior by relevant FHA applicants. This means that the number of additional clients is estimated to stabilise at 1,440 in June 2023.

As per the existing estimates model for the FHA, the average rate of payment received is assumed to be \$941.65 per person per month from July 2019 (indexed). This includes all associated supplements, allowances and amounts for Reciprocal Obligations. There are further amounts for the Farm Financial Advice Supplement (\$1241 for each new recipient as at July 2019, indexed) and an average of \$41.66 per month for recipients in their third and fourth years of payment.

The ATO has provided information on the distribution of taxable incomes of FHA recipients in 2016-17. This distribution has been projected to future years using expected growth in average weekly earnings, and used to estimate an average marginal tax rate applicable for FHA recipients each year. The revenue impact was then calculated as the increase in FHA payments multiplied by the average marginal tax rates. It is assumed all additional tax will be paid on the lodgment of tax returns.

- **Statistical data used**

Not applicable.

Behavioural assumptions used (as appropriate)

Not applicable.



Attachment A – Farm Household Allowance – permanent increase to asset threshold – financial implications

This attachment has been prepared by the Parliamentary Budget Office (PBO) to provide the financial implications of this proposal over the medium term. The PBO has used the same methodology as outlined by the Department of Finance to estimate these impacts.

Table A1: Farm Household Allowance – permanent increase to asset threshold – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Revenue													
<i>Income tax revenue</i>	-	0.2	0.6	1.1	1.3	1.7	1.8	1.9	1.9	2.0	2.0	1.9	14.5
Total – revenue	-	0.2	0.6	1.1	1.3	1.7	1.8	1.9	1.9	2.0	2.0	1.9	14.5
Expenses													
<i>Administered expenses</i>	-2.5	-6.7	-11.2	-15.8	-18.5	-19.0	-19.4	-19.9	-20.4	-20.9	-21.5	-36.2	-175.9
Total – expenses	-2.5	-6.7	-11.2	-15.8	-18.5	-19.0	-19.4	-19.9	-20.4	-20.9	-21.5	-36.2	-175.9
Total	-2.5	-6.5	-10.6	-14.7	-17.2	-17.3	-17.6	-18.0	-18.5	-18.9	-19.5	-34.3	-161.4

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

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

- Indicates nil.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Australian Business Growth Fund – Equity Investment	
Costing Identifier:	COA047
Summary of costing:	<p>The proposal would provide a \$100 million equity investment in the Australian Business Growth Fund (ABGF) that is to be established with funding from banks and superannuation funds.</p> <p>The objective is for the ABGF to expand to \$1 billion as it matures.</p>
Ongoing or Terminating (including date)^(a)	Ongoing – however, where the opportunity arises in the future, the Government will look to sell down its stake in the ABGF to appropriate investors.
Person making the request:	Prime Minister
Date costing request received:	9 May 2019
Date of public release of policy:	23 April 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	N/A
Additional information received (including date):	N/A

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	0.0	0.0	0.0	0.0
Fiscal Balance (\$m)	0.0	0.0	0.0	0.0	0.0

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The proposal has been costed as a defined amount.

Where relevant, include separate identification of revenue and expense components.

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Receipts (Dividends from the ABGF)	0	1	2	2	2
Payments (PDI)	0	-1	-2	-2	-2
Underlying Cash	0	0	0	0	0

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

The costing assumes, consistent with the costing request, that the increase in public debt interest will be offset by dividends paid by the ABGF to the Australian Government. Reliable predictions of the timing and amounts of returns cannot be made until greater details regarding the investment mandate and timing are known.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes the Department of the Treasury will absorb any costs associated with its role in supporting the establishment and administration of the ABGF, including reviews of the operation of the ABGF at two, five and nine years.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

The \$100 million investment will impact on the Australian Government’s balance sheet and result in an equivalent increase in debt. Based on the assumptions in this costing, it does not have an underlying cash or fiscal balance impact beyond the Public Debt Interest (PDI) costs.

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

The PDI impact is calculated based on an average annual weighted cost of borrowing of around 1.9 percent each year, which is consistent with the 2019-20 Budget and 2019 Pre-election Economic and Fiscal Outlook assumptions. The equity investment of \$100 million is assumed to be made evenly over 2019-20.

The costing assumes that the ABGF will be majority controlled and owned by the private sector, with sufficient net returns on its investments to allow a dividend to be paid to the Australian Government equivalent to the PDI costs associated with the Australian Government's \$100 million equity investment.

Behavioural assumptions used.

Not applicable.



Attachment A – Australian Business Growth Fund – equity investment – Headline cash balance

This attachment has been prepared by the Parliamentary Budget Office (PBO) to indicate the headline cash balance impacts of this proposal. The PBO has used the same methodology as outlined by the Department of Finance to estimate these impacts.

Table A1: Australian Business Growth Fund – equity investment – Headline cash balance (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Receipts					
Dividends	1	2	2	2	7
Payments					
Equity investment	-100	-	-	-	-100
Total (excluding PDI)	-99	2	2	2	-93
PDI impacts	-1	-2	-2	-2	-7
Total (including PDI)	-100	-	-	-	-100

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

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

- Indicates nil.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Mid-Career Checkpoint	
Costing Identifier:	COA056
Summary of costing:	The proposal is to invest \$75.0 million to establish a mid-career checkpoint for caregivers who have taken time out of their career to care for their family and now seek to return to the workforce.
Ongoing or Terminating (including date)^(a)	Terminating 30 June 2023
Person making the request:	Prime Minister
Date costing request received:	13 May 2019
Date of public release of policy:	11 May 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-5.0	-17.5	-26.3	-26.3
Fiscal Balance (\$m)	0.0	-5.0	-17.5	-26.3	-26.3

Note: Totals do not sum to \$75.0 million due to rounding.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The policy has been costed as a specified amount.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

The Coalition's announcement of 11 May 2019 stated the proposal would support up to 40,000 Australians. The Department of Jobs and Small Business would be required to develop and deliver this policy within the funding envelope.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes that departmental expenses associated with implementing the policy will be absorbed by the Department of Jobs and Small Business.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

The costing assumes a funding profile consistent with the costing request.

Behavioural assumptions used (as appropriate)

Not applicable.



Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Supporting Sport and Physical Activity	
Costing Identifier:	COA061
Summary of costing:	The proposal is to provide \$70.0 million for grants to support sport and physical activity across Australia.
Ongoing or Terminating (including date)^(a)	Terminating (30 June 2023)
Person making the request:	Prime Minister
Date costing request received:	13 May 2019
Date of public release of policy:	11 May 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-10.4	-24.9	-23.4	-11.4
Fiscal Balance (\$m)	0.0	-10.4	-24.9	-23.4	-11.4

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms. Totals may not add due to rounding.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The proposal has been costed as a defined amount.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes that the Department of Health will absorb any associated departmental operating or capital expenses.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

The proposal has been costed as a defined grant amount of \$70.0 million over four years from 2019-20 with grants to be provided for the following:

- \$30.0 million to Netball Australia;
- \$15.0 million to the Matildas national women's football team;
- \$11.5 million to support infrastructure upgrades at high-performance facilities across Australia;
- \$10.0 million to support South East Queensland's bid for the 2032 Olympic Games;
- \$2.0 million to support the staging of new elite-level sporting events in regional Australia; and
- \$1.5 million to support para-athletes.

Any additional costs above the capped funding amounts would be met by third parties.

Policy parameters:

This proposal is to start from 1 July 2019.

Behavioural assumptions used (as appropriate):

Not applicable.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: First Home Loan Deposit Scheme	
Costing Identifier:	COA062
Summary of costing:	<p>The proposal is to establish a First Home Loan Deposit Scheme (the Scheme) which will help eligible first home buyers by providing support if they do not have a 20 per cent deposit.</p> <p>The costing request states that the Scheme will be capped at 10,000 recipients a year.</p> <p>The Scheme will be run by the National Housing Finance and Investment Corporation (NHFIC).</p> <p>The Australian Government will make an equity investment of \$500 million to the NHFIC and provide an additional \$25 million to establish and administer the Scheme and to conduct comprehensive research on housing demand, supply and affordability in Australia.</p>
Ongoing or Terminating (including date)^(a)	Ongoing
Person making the request:	Prime Minister
Date costing request received:	13 May 2019
Date of public release of policy:	12 May 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-4.0	-7.0	-7.0	-7.0
Fiscal Balance (\$m)	0.0	-4.0	-7.0	-7.0	-7.0

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

The equity investment of \$500 million to the NHFIC and the additional \$25 million to establish and administer the Scheme and to conduct comprehensive research proposal have been costed as defined amounts.

Where relevant, include separate identification of revenue and expense components.

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Net Receipts of the Scheme (\$m)	0.0	5.0	12.0	13.0	13.0
Payments (PDI) (\$m)	0.0	-5.0	-12.0	-13.0	-13.0
Departmental Funding for the NHFIC	0.0	-4.0	-7.0	-7.0	-7.0
Total Underlying Cash Balance (\$m)	0.0	-4.0	-7.0	-7.0	-7.0

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Subject to the details of the Scheme being settled, the costing assumes:

- that the NHFIC will provide support to first home buyers by guaranteeing part of their borrowings from financial institutions; and
- the net return earned by the NHFIC, including from interest earned by investing the \$500 million equity injection, will be sufficient to cover the public debt interest (PDI) costs and any default costs associated with the Scheme. The costing assumes that the NHFIC investment mandate would be adjusted, if required.

The costing assumes that the Scheme will be part of the General Government Sector. However, the same net budget impact would be achieved if the Scheme was assessed to be outside the General Government Sector and the NHFIC paid dividends to the Australian Government sufficient to offset the PDI costs.

Where relevant, explain effects of departmental expenses.

Funding of \$25 million will be provided to the NHFIC to establish and administer the Scheme and to conduct comprehensive research on housing demand, supply and affordability in Australia.

Consistent with the costing request, the costing assumes the Department of the Treasury will absorb any associated departmental operating or capital expenses in excess of the \$25 million funding.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

The \$500 million investment will result in an equivalent increase in both net and gross debt.

Where relevant, include an explanation of the medium term implications of the proposal(c).

The medium term financial implications of the proposal would need to be assessed after the details of the Scheme have been further developed.

Background information

Costing methodology used:

The PDI impact is calculated based on the average weighted annual cost of borrowing of around 1.9 percent each year, which is consistent with 2019-20 Budget and 2019 PEFO assumptions.

The costing assumes that the Scheme will be administered by the NHFIC with a business model that provides sufficient net returns to offset the PDI costs associated with the Australian Government's \$500 million equity investment and any default costs associated with the Scheme. The details of this business model have yet to be determined.

Further consideration of the detailed arrangements would be required to determine whether the Scheme would form part of the General Government Sector. The NHFIC is a corporate Commonwealth entity, operating a housing bond aggregator that is a Public Financial Corporation outside of the General Government Sector. The NHFIC also administers the National Housing Infrastructure Facility that is included in the General Government Sector.

Behavioural assumptions used (as appropriate)

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.



Attachment A – First Home Loan Deposit Scheme – financial implications

This attachment has been prepared by the Parliamentary Budget Office (PBO) to disaggregate and provide the financial implications of this proposal over the period 2019-20 to 2029-30. The PBO has used the same methodology as outlined by the Department of Finance to estimate these impacts.

Table A1: First Home Loan Deposit Scheme – Fiscal balance (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Revenue													
<i>Net receipts^(c)</i>	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Total – revenue	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Expenses													
<i>Departmental funding for National Housing Finance and Investment Corporation</i>	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total – expenses	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total (excluding PDI)	1.0	5.0	6.0	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.5	18.0	65.5
PDI impacts	-5.0	-12.0	-13.0	-13.0	-13.2	-13.5	-13.7	-14.0	-14.2	-14.5	-14.8	-43.0	-140.9
Total (including PDI)	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

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

(c) Net receipts reflect gross returns on investments minus any costs associated with calls on the guarantee provided under the Scheme.

Table A2: First Home Loan Deposit Scheme – Underlying cash balance (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Receipts													
<i>Net receipts^(c)</i>	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Total – receipts	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Payments													
<i>Departmental funding for National Housing Finance and Investment Corporation</i>	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total – payments	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total (excluding PDI)	1.0	5.0	6.0	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.5	18.0	65.5
PDI impacts	-5.0	-12.0	-13.0	-13.0	-13.2	-13.5	-13.7	-14.0	-14.2	-14.5	-14.8	-43.0	-140.9
Total (including PDI)	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

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

(c) Net receipts reflect gross returns on investments minus any costs associated with calls on the guarantee provided under the Scheme.

Table A3: First Home Loan Deposit Scheme – Headline cash balance (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Receipts													
<i>Net receipts^(c)</i>	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Total – receipts	5.0	12.0	13.0	13.0	13.2	13.5	13.7	14.0	14.2	14.5	14.8	43.0	140.9
Payments													
<i>Administered</i>													
<i>Equity investment</i>	-500.0	-	-	-	-	-	-	-	-	-	-	-500.0	-500.0
Total – administered	-500.0	-	-	-	-	-	-	-	-	-	-	-500.0	-500.0
<i>Departmental</i>													
<i>Departmental funding for National Housing Finance and Investment Corporation</i>	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total – departmental	-4.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-25.0	-75.4
Total – payments	-504.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-525.0	-575.4
Total (excluding PDI)	-499.0	5.0	6.0	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.5	-482.0	-434.5
PDI impacts	-5.0	-12.0	-13.0	-13.0	-13.2	-13.5	-13.7	-14.0	-14.2	-14.5	-14.8	-43.0	-140.9
Total (including PDI)	-504.0	-7.0	-7.0	-7.0	-7.0	-7.1	-7.1	-7.2	-7.2	-7.3	-7.3	-525.0	-575.4

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

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

(c) Net receipts reflect gross returns on investments minus any costs associated with calls on the guarantee provided under the Scheme.

- Indicates nil.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Protected Mobile Fires Project (LAND 8112)	
Costing Identifier:	COA063
Summary of costing:	<p>The proposal is to provide the Department of Defence (Defence) additional funding to complete the acquisition of Protected Mobile Fires in 2027-28 incorporating an Australian assembly, with ammunition sourced from the current Australian Defence Force (ADF) family of munitions.</p> <p>Acquisition of Protected Mobile Fires is currently programmed in the Defence Integrated Investment Program (DIIP) to commence in the 2030s.</p>
Ongoing or Terminating (including date) (a)	Terminating 30 June 2047
Person making the request:	Prime Minister
Date costing request received:	14 May 2019
Date of public release of policy:	14 May 2019
Date costing completed:	15 May 2019
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	0.0	-6.8	-7.0	-100.6
Fiscal Balance (\$m)	0.0	0.0	-6.8	-7.0	-100.6

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

As detailed in the costing request, the costing assumes all elements are expense.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the costing request, the costing assumes that all expenses are departmental.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

As detailed in the costing request, the medium term costs are included up to 2029-30. The overall sustainment costs for the medium term are \$329.4 million, a variation from the stated estimate in the costing request of \$400 million.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Where relevant, include an explanation of the medium term implications of the proposal^(c).

(\$m)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Acquisition Estimate	0.0	0.0	6.8	7.0	100.6	303.5	218.0	201.7	147.3	78.4	0.0	0.0	1063.1
Sustainment Estimate	0.0	0.0	0.0	0.0	0.0	0.0	21.1	50.0	80.5	81.7	47.4	48.7	329.4
Total Impact on Cash Balance	0.0	0.0	-6.8	-7.0	-100.6	-303.5	-239.1	-251.7	-227.8	-160.1	-47.4	-48.7	-1392.5

* Numbers may not sum due to rounding.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

Assumptions:

This costing assumes:

- Defence will receive additional funding to support an Australian build and early acquisition of the Protected Mobile Fires.
- The cost associated with the Protected Mobile Fires is based on similar projects previously costed with Defence.
- Protected Mobile Fires is already provisioned in the DIIP in later decades. The reprioritisation and reprogramming of this provision will be managed through existing DIIP governance and authority requirements.
- All legislative and governance requirements will be completed in time for acquisition to commence in 2020-21.
- The Australian manufacturing and defence industries will have the capacity, technical ability, and access required to build and sustain the Protected Land Fires.
- A 30 percent premium on Acquisition costs and a 15 percent premium on Sustainment cost for an Australian build.
- No infrastructure costs associated with this project.
- No workforce cost associated with this project.
- Any funding, not provisioned for in this costing, will need to be met through reprioritisation of the DIIP.
- Defence is not required to return funding already provisioned for the acquisition or sustainment of the Protected Mobile Fires.
- The capability is expected to be in service until 2047 and Defence will be required to sustain it until its withdrawal.



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Efficiency Dividend Extension	
Costing Identifier:	COA066
Summary of costing:	<p>The proposal is to continue the Efficiency Dividend (ED) rate at its 2018-19 level of 2 per cent for two additional years (2019-20 and 2020-21) and set the ED rate at 1.5 per cent in 2021-22. The standard ED rate of 1.0 per cent would continue to apply from 1 July 2022.</p> <p>Under this proposal existing exemptions from the ED would continue to apply. In addition, Commonwealth agencies with an Average Staffing Level (ASL) of less than 200, and specified entities would be exempt from the temporary increase in the ED from 1 July 2019 to 30 June 2022. The current temporary exemption from the application of ED, which expires on 30 June 2020, for the Office of National Intelligence and the Australian Signals Directorate, would also be made ongoing.</p>
Terminating (including date) ^(a)	Terminating on 30 June 2022.
Person making the request:	Prime Minister.
Date costing request received:	16 May 2019
Date of public release of policy:	16 May 2019
Date costing completed:	16 May 2019
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	135.9	379.9	505.5	492.2
Fiscal Balance (\$m)	0.0	135.9	379.9	505.5	492.2

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

The proposal would reduce the level of departmental funding for affected Commonwealth entities on an ongoing basis.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Where relevant, include an explanation of the medium term implications of the proposal^(c).

Savings beyond 2022-23 would be ongoing due to a permanent reduction in the level of departmental funding for affected Commonwealth entities. The standard annual ED rate of 1.0 per cent would continue to apply from 1 July 2022.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

Background information

Costing methodology used:

- **Costing techniques**

- The costing assumes that the proposed changes to the ED rate would be applied in 2019-20, 2020-21 and 2021-22 to the Commonwealth Departmental appropriations currently subject to the ED as at 2019-20 Budget.
- The costing assumes that the current standard annual ED rate of 1.0 per cent would continue to apply from 1 July 2022.
- Consistent with the current application of the ED, all changes to the ED rate have a cumulative effect.

- **Policy parameters**

- The costing reflects the following policy parameters:
 - Continuation of the ED rate of 2.0 per cent for two years, from 2019-20 to 2020-21, increasing the ED rate to 1.5 per cent in 2021-22, with the ED rate to remain at 1.0 per cent in 2022-23.
 - Under this proposal the ED would increase from the current rate by:
 - 0.5 per cent in 2019-20;
 - 1.0 per cent in 2020-21; and
 - 0.5 per cent in 2021-22.
- A summary of the current and proposed ED rates assumed in this costing are as follows:

	2018-19	2019-20	2020-21	2021-22	2022-23
Current ED	2.0%	1.5%	1.0%	1.0%	1.0%
Proposed ED	2.0%	2.0%	2.0%	1.5%	1.0%

- The following agencies would be exempt from the proposed change in the ED rate:
 - all agencies currently exempt from the application of the existing ED;
 - Commonwealth funded agencies with less than 200 ASL;
 - the Office of National Intelligence (ONI) and the Australian Signals Directorate (ASD); and
 - the following entities:
 - National Disability Insurance Agency
 - Australian Prudential Regulation Authority
 - Australian Securities and Investments Commission
 - Australian War Memorial
 - National Archives of Australia
 - National Gallery of Australia
 - National Library of Australia
 - National Museum of Australia
- The current temporary exemption from the application of the ED (both standard and additional) until 30 June 2020 for the Office of National Intelligence and the Australian Signals Directorate would become ongoing. The costing therefore also includes the cost of reversing the standard ED rate from the ONI and ASD departmental appropriations from 1 July 2020 on an ongoing basis.
- The costing also assumes, with the exception of ONI and ASD, that there are no changes to the application of the current ED arrangements or existing exemptions to these arrangements.

- **Statistical data used**

- The costing is based on Commonwealth Departmental appropriations subject to the ED as at 2019-20 Budget, for each year of the forward estimates.

- **Behavioral assumptions used (as appropriate)**

Not applicable.



Attachment A – Efficiency dividend extension – financial implications

This attachment has been prepared by the Parliamentary Budget Office (PBO) to indicate the medium-term financial impacts of this proposal. The PBO has used the same methodology as outlined by the Department of Finance to estimate these impacts.

Table A1: Efficiency dividend extension – Fiscal and underlying cash balances (\$m)^{(a)(b)(c)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
<i>Departmental expenses</i>	135.9	379.9	505.5	492.2	489.0	486.2	483.2	479.9	476.3	472.3	467.9	1,513.4	4,868.4
Total – expenses	135.9	379.9	505.5	492.2	489.0	486.2	483.2	479.9	476.3	472.3	467.9	1,513.4	4,868.4

- (a) Figures for the period 2019-20 to 2022-23 are consistent with the costing prepared by the Department of Finance. Figures for the period 2023-24 to 2029-30 are PBO estimates.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (c) Figures may not sum to totals due to rounding.



Policy costing

Infrastructure Investment Program – Urban Congestion Fund	
Party:	Coalition
<p>Summary of proposal:</p> <p>The proposal would provide an additional \$210 million to the Infrastructure Investment Program – Urban Congestion Fund, with \$110 million to be provided in 2021-22 and \$100 million to be provided in 2022-23.</p>	

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$210 million over the 2019-20 Budget forward estimates period. This impact entirely reflects an increase in administered expenses.

The proposal would not be expected to have an impact beyond the 2019-20 Budget forward estimates period as funding for the proposal terminates in 2022-23.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-	-	-110	-100	-210
Underlying cash balance	-	-	-110	-100	-210

(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

The financial implications of this proposal reflect specified capped amounts.

There are no departmental expenses as specified capped amounts would be provided to projects that have already been identified.



Policy costing

Funding construction of East West Link	
Party:	Coalition
Summary of proposal: The Coalition would provide \$4 billion to the first Victorian Government willing to build the East West Link. This funding is set at a level such that the project would not require additional funding from the Victorian Government.	

Costing overview

The East West Link is a proposed tollway that would link Victoria's Eastern Freeway with CityLink. This project requires the agreement of the Victorian Government in order to progress. The Premier of Victoria, the Hon Daniel Andrews MP, has publicly opposed the project both prior to and following the Coalition's announcement that, if elected, it would increase the Commonwealth Government's contribution to the cost of the project. Accordingly, the Parliamentary Budget Office (PBO) considers that this commitment should be treated as a contingent liability and has no impact on the budget at this point in time.

The PBO considers that the treatment of this commitment is consistent with the relevant Australian Accounting Standards Board Standard AASB 137 Provisions, Contingent Liabilities and Contingent Assets which states that a contingent liability is *a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity*.

- While many contingent liabilities reflect the potential outcomes of events that are linked to legal actions, this does not prohibit the inclusion of a sufficiently strong public commitment to undertake certain action in the event of another related action occurring.

The impact of funding for this project was initially included in the 2013-14 Mid-Year Economic and Fiscal Outlook and then removed in the 2015-16 Budget following objection to the project by the Victorian Government. The commitment has henceforth been included in the budget as a contingent liability instead. Given the election commitment, the contingent liability has increased from \$3 billion at the 2019 Pre-election Economic and Fiscal Outlook to \$4 billion.

Table 1: Financial implications (\$m)^(a)

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-	-	-	-	-
Underlying cash balance	-	-	-	-	-

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

- Indicates nil.

Data sources

2013. *2013-14 Mid-Year Economic and Fiscal Outlook*, Canberra: Commonwealth of Australia.

2015. *2015-16 Budget Paper No. 2*, Canberra: Commonwealth of Australia.

2015. Australian Accounting Standards Board, *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, Melbourne: Commonwealth of Australia,



Policy costings

Various capped costings

Party:

Coalition

This document details the administered, departmental and total funding amounts for capped costings included in Appendix A, Table A-1 of the 2019 Post-election report.

Various capped costings – Underlying cash balance (\$m)

		2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Agribusiness restocking and replanting loans	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Capacity building for fisheries representatives	<i>Administered</i>	-0.1	-0.1	-0.1	-0.1	-0.4
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.1	-0.1	-0.1	-0.1	-0.4
Communities Combating Pests and Weed Impacts Program – expansion	<i>Administered</i>	-3.0	-7.0	-	-	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-3.0	-7.0	-	-	-10.0
Educating kids about agriculture	<i>Administered</i>	-2.0	-4.0	-4.0	-	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.0	-4.0	-4.0	-	-10.0
Fishing habitat restoration	<i>Administered</i>	-2.0	-2.0	-2.0	-2.0	-8.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.0	-2.0	-2.0	-2.0	-8.0
Forest plantation loans	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Further support for the Australian dairy industry	<i>Administered</i>	-0.3	-0.4	-0.3	-	-1.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.3	-0.4	-0.3	-	-1.0
National Farm Safety Education Fund	<i>Administered</i>	-0.5	-1.0	-1.0	-1.0	-3.5
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.5	-1.0	-1.0	-1.0	-3.5

		2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Promoting the importance of bees to agricultural production	<i>Administered</i>	-0.8	-0.8	-	-	-1.5
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.8	-0.8	-	-	-1.5
Recreational fishing and camping facilities grant program	<i>Administered</i>	-5.0	-5.0	-5.0	-5.0	-20.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-5.0	-5.0	-5.0	-5.0	-20.0
Regional agricultural show development program	<i>Administered</i>	-5.0	-15.0	-	-	-20.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-5.0	-15.0	-	-	-20.0
Rural financial counselling for drought affected small businesses	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Starting farm co-operatives program	<i>Administered</i>	-1.5	-1.5	-	-	-3.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-1.5	-1.5	-	-	-3.0
Digitalisation of World War II records	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(c)</i>	-2.5	-2.5	-2.5	-2.5	-10.0
	Total	-2.5	-2.5	-2.5	-2.5	-10.0
Cyber security package	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Defence Home Ownership Assistance Scheme – extending access	<i>Administered</i>	-	0.2	0.4	0.6	1.2
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	0.2	0.4	0.6	1.2
Tasmania Defence Innovation and Design Precinct	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Central Queensland School of Mining and Manufacturing	<i>Administered</i>	-	-15.0	-15.0	-	-30.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-15.0	-15.0	-	-30.0
National phonics check	<i>Administered</i>	-2.2	-4.3	-4.3	-	-10.8
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.2	-4.3	-4.3	-	-10.8
Regional Study Hubs – five additional hubs	<i>Administered</i>	-3.8	-3.8	-3.8	-3.8	-15.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-3.8	-3.8	-3.8	-3.8	-15.0
Supporting the Rural Inspire Initiative	<i>Administered</i>	-0.5	-1.0	-0.5	-	-2.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.5	-1.0	-0.5	-	-2.0

		2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Teach for Australia Future Leaders Program	<i>Administered</i>	-2.5	-2.5	-10.0	-	-15.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.5	-2.5	-10.0	-	-15.0
Australian Recycling Investment Fund	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Energy Efficient Communities Program – dairy support	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Product Stewardship Investment Fund	<i>Administered</i>	-5.0	-5.0	-5.0	-5.0	-20.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-5.0	-5.0	-5.0	-5.0	-20.0
Achieving better health outcomes	<i>Administered</i>	-0.7	-2.1	-0.7	-	-3.4
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.7	-2.1	-0.7	-	-3.4
Additional health services for north and north-western Tasmania	<i>Administered</i>	-0.1	-1.5	-4.0	-10.0	-15.6
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.1	-1.5	-4.0	-10.0	-15.6
Additional mental health services for southern Brisbane	<i>Administered</i>	-1.4	-1.4	-1.4	-1.4	-5.4
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-1.4	-1.4	-1.4	-1.4	-5.4
Additional mental health support for commercial fishers	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Aged Care System Navigators – culturally and linguistically diverse (CALD) expansion	<i>Administered</i>	-2.5	-2.5	-2.5	-2.5	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.5	-2.5	-2.5	-2.5	-10.0
Australian Breastfeeding Association – extension	<i>Administered</i>	-1.0	-1.0	-1.0	-1.0	-4.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-1.0	-1.0	-1.0	-1.0	-4.0
Choices Program – expansion to Peel Health Campus	<i>Administered</i>	-0.3	-0.5	-0.5	-	-1.3
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.3	-0.5	-0.5	-	-1.3
Expanded Take Home Naloxone Program	<i>Administered</i>	-2.0	-0.8	-	-	-2.8
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.0	-0.8	-	-	-2.8
Extension of headspace services	<i>Administered</i>	-	-7.5	-7.5	-7.5	-22.5
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-7.5	-7.5	-7.5	-22.5

		2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Kids Helpline – additional funding	<i>Administered</i>	-	-	-2.0	-	-2.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-2.0	-	-2.0
Lymphoedema garments and Allied Health Therapy Program	<i>Administered</i>	-2.0	-2.0	-2.0	-2.0	-8.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.0	-2.0	-2.0	-2.0	-8.0
National Dust Diseases Register	<i>Administered</i>	-0.8	-0.8	-	-	-1.6
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.8	-0.8	-	-	-1.6
National Perinatal Mental Health Check	<i>Administered</i>	-	-12.0	-12.0	-12.0	-36.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-12.0	-12.0	-12.0	-36.0
Supporting children with life threatening medical conditions and their families	<i>Administered</i>	-0.5	-1.5	-1.5	-1.5	-5.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.5	-1.5	-1.5	-1.5	-5.0
Safer Communities Fund – additional funding	<i>Administered</i>	-4.0	-6.0	-5.0	-5.0	-20.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-4.0	-6.0	-5.0	-5.0	-20.0
Australian Made export campaign	<i>Administered</i>	-1.0	-1.5	-1.5	-1.0	-5.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-1.0	-1.5	-1.5	-1.0	-5.0
Incubator Support Initiative – migrant and refugee expansion	<i>Administered</i>	-1.3	-1.3	-1.3	-1.3	-5.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-1.3	-1.3	-1.3	-1.3	-5.0
Manufacturing Modernisation Fund	<i>Administered</i>	-10.0	-20.0	-20.0	-	-50.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-10.0	-20.0	-20.0	-	-50.0
Digital Road Safety Passport – pilot	<i>Administered</i>	-0.6	-1.2	-	-	-1.8
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-0.6	-1.2	-	-	-1.8
Driver Reviver Grants Program	<i>Administered</i>	-3.0	-5.0	-	-	-8.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-3.0	-5.0	-	-	-8.0
Drought Communities Program – expansion	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
National Disability Information Gateway	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-

		2019–20	2020–21	2021–22	2022–23	Total to 2022–23
National Disability Insurance Scheme (NDIS) Community Connectors – culturally and linguistically diverse (CALD) expansion	<i>Administered</i>	-5.0	-15.0	-	-	-20.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-5.0	-15.0	-	-	-20.0
National Disability Insurance Scheme (NDIS) Participant Service Guarantee – monitoring funding	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(c)</i>	-0.5	-0.5	-0.5	-0.5	-2.0
	Total	-0.5	-0.5	-0.5	-0.5	-2.0
Seniors Connected Program	<i>Administered</i>	-2.5	-2.5	-2.5	-2.5	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.5	-2.5	-2.5	-2.5	-10.0
Australian Competition and Consumer Commission (ACCC) Agriculture Unit – continuation	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(c)</i>	-	-2.7	-2.7	-2.7	-8.1
	Total	-	-2.7	-2.7	-2.7	-8.1
Defence Service Homes Insurance Scheme – expanding eligibility	<i>Administered</i>	-	-	-	-	-
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-	-	-	-	-
Exempting Totally and Permanently Incapacitated (TPI) pension recipients from allied health treatment cycle	<i>Administered</i>	-3.3	-3.7	-4	-4.4	-15.5
	<i>Departmental^(a)</i>	-1.2	-0.2	-0.3	-0.4	-2.0
	Total	-4.5	-3.9	-4.3	-4.8	-17.5
Saluting Their Service Commemorative Grants – expansion	<i>Administered</i>	-2.5	-2.5	-2.5	-2.5	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.5	-2.5	-2.5	-2.5	-10.0
Supporting the Kokoda Track	<i>Administered</i>	-2.0	-3.0	-5.0	-	-10.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-2.0	-3.0	-5.0	-	-10.0
Veterans' Wellbeing Centres	<i>Administered</i>	-10.0	-10.0	-10.0	-	-30.0
	<i>Departmental^(b)</i>	-	-	-	-	-
	Total	-10.0	-10.0	-10.0	-	-30.0

Notes to table:

The Parliamentary Budget Office (PBO) has not undertaken any analysis to assess whether the proposed expenditures would be sufficient to achieve the objective of the policy proposals.

A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment.

Figures may not sum to totals due to rounding.

- Indicates nil.

(a) Departmental cost 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.

(b) The administration of this commitment is to be funded from existing departmental resources, or has an immaterial budget impact (less than \$1 million per annum). For the purposes of this table, the PBO has made no assessment as to whether any given agency would be able to absorb the sum total of administrative costs for all relevant proposals.

(c) These departmental costs are as specified in the policy proposal.