



**Parliament of Australia**  
**Parliamentary Budget Office**

# Unlegislated measures carried forward in the budget estimates — February 2016 update

An update of the projected impact of unlegislated measures  
on current budget estimates and over the medium term

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# Unlegislated measures carried forward in the budget estimates

The Parliamentary Budget Office's September 2015 report of unlegislated measures carried forward in the 2015–16 Budget estimates was prepared on a fiscal balance basis consistent with the presentation of measures in the Budget papers.

This update has been expanded to show the projected impacts of the unlegislated measures carried forward in the current 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO) budget estimates on both the fiscal and underlying cash balances. Table 1 provides the projected impact of these measures on the fiscal balance. Table 2 provides their projected impact on the underlying cash balance.

Measures that have been passed by the Parliament since the September 2015 report or reversed out of the latest budget estimates in the 2015–16 MYEFO have been excluded from this update.

Estimates in this update have been informed by changes in implementation timing from legislative delays, the impact of the partial legislation of measures, and changes to parameters and policies in the 2015–16 MYEFO.

Consistent with the *Charter of Budget Honesty Costing Guidelines*, this report also includes the impact of public debt interest (PDI) for three measures relating to the Higher Education Loan Programme (HELP). These measures involve transactions of financial assets in the form of loans and the PDI associated with them represents a material proportion of the impact of the measures ([PBO Guidance 02/2015](#) refers).

The inclusion of PDI significantly reduces the savings impact over the period 2016–17 to 2024–25 for the measure *Expanding Opportunity – Expansion of the demand driven system and sharing the cost fairly*. In 2025–26, the inclusion of PDI results in the measure having a negative impact on the fiscal balance which would grow into the future. The inclusion of PDI also increases the cost of the measure *Expanding Opportunity – FEE HELP and VET FEE-HELP loan fee cessation*.

# Unlegislated measures carried forward in the budget estimates — February 2016 update

Table 1: An update of the projected fiscal balance impact of unlegislated measures carried forward in the current 2015–16 MYEFO budget estimates over the medium term<sup>1</sup>

Fiscal balance impact (\$ million)	2014–15	2015–16	2016–17	2017–18	2018–19	Total to 2018–19 <sup>1</sup>	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	Total to 2025–26 <sup>1</sup>	Original measure
<b>Expense measures</b>															
Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds <sup>a</sup>	-	-	139	298	362	799	443	483	491	498	506	514	521	4,256	2014–15 Budget Paper 2, p.140
Maintain eligibility thresholds for Australian Government payments for three years <sup>b</sup>	-	2	55	41	65	163	70	70	70	74	74	75	78	673	2014–15 Budget Paper 2, p.204
Increasing the age of eligibility for Newstart Allowance and Sickness Allowance <sup>c</sup>	-	-10	142	161	166	460	163	157	161	166	172	180	189	1,647	2014–15 Budget Paper 2, p.203
Australian Renewable Energy Agency — cessation	-	-	-	354	223	578	456	125	131	-	-	-	-	1,290	2014–15 Budget Paper 2, p.163
Pensioner Education Supplement — cessation	-	-	44	82	83	209	85	86	87	89	90	91	93	830	2014–15 Budget Paper 2, p.206
Apply the One-Week Ordinary Waiting Period to all Working Age Payments <sup>c</sup>	-	-3	60	59	60	177	62	63	63	64	67	69	72	637	2014–15 Budget Paper 2, p.191
Education Entry Payment — cessation	-	-	10	19	19	48	19	20	20	20	21	21	21	190	2014–15 Budget Paper 2, p.197
Veterans' Disability Pensions — commencement of payments from date of claim	-	-	10	10	10	29	10	10	10	10	10	10	11	99	2014–15 Budget Paper 2, p.221
Higher Education Support Act 2003 — efficiency dividend	-	-	96	255	323	674	335	347	359	371	384	398	413	3,281	2013–14 Budget Paper 2, p.217
A sustainable Higher Education Loan Programme — HECS-HELP benefit — cessation <sup>d,e</sup>	-	-	29	30	31	90	32	33	35	36	38	39	41	345	2014–15 Budget Paper 2, p.77
A sustainable Higher Education system — Australian Research Council — efficiency dividend <sup>d</sup>	-	-	24	25	25	75	26	27	27	28	28	29	29	269	2014–15 Budget Paper 2, p.78
Expanding opportunity — a more effective Higher Education Participation Programme	-	-	12	16	16	44	17	17	18	18	19	20	20	173	2014–15 Budget Paper 2, p.84
Expanding opportunity — Higher Education Indexation — revised arrangements	-	-	69	107	137	313	164	190	225	259	294	331	351	2,127	2014–15 Budget Paper 2, p.85
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation <sup>d,e</sup>	-	-	-385	-814	-884	-2,082	-953	-1,029	-1,112	-1,204	-1,302	-1,407	-1,518	-10,607	2014–15 Budget Paper 2, p.85
Higher Education — structural adjustment fund	-	-	-27	-42	-31	-100	-	-	-	-	-	-	-	-100	2014–15 MYEFO, p.150
A sustainable Higher Education Loan Programme — repayment thresholds and indexation <sup>d,f</sup>	-	-	4	17	33	54	53	77	107	142	182	227	275	1,117	2014–15 Budget Paper 2, p.77
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly <sup>d,f,g</sup>	-	-	267	524	512	1,303	411	237	170	121	66	..	-89	2,219	2014–15 Budget Paper 2, p.84
Higher Education Reforms — amendments <sup>d,h</sup>	-	-29	-39	-50	-60	-179	-70	-81	-89	-96	-104	-112	-119	-850	2014–15 MYEFO, p.151
Simplifying Medicare safety net arrangement <sup>i</sup>	-	-	64	117	116	297	118	120	121	123	125	126	128	1,158	2014–15 Budget, p. 145
Increasing the Age Pension qualifying age to 70 years <sup>i</sup>	-	-	-	-	-	-	-	-	-	-	-	-	950	950	2014–15 Budget, p. 202
Fair Entitlements Guarantee - aligning redundancy payments to national employment standards <sup>i</sup>	-	-	26	30	32	87	34	36	39	41	44	47	50	378	2014–15 Budget, p. 95
Abolish the Seafarer Tax Offset <sup>i</sup>	-	4	4	4	4	16	4	4	5	5	5	5	5	49	2014–15 Budget, p. 212
Family Payment Reform - a new families package <sup>i</sup>	-	-16	643	1,642	2,008	4,277	2,008	2,076	2,142	2,204	2,266	2,330	2,393	19,696	2015–16 MYEFO, p. 211-212
Remove Double-Dipping from Parental Leave Pay <sup>i,k</sup>	-	-7	258	334	354	939	363	372	380	394	408	422	437	3,716	2015–16 Budget, p.168
<b>Revenue measures</b>															
Research and Development Tax Incentive — reducing the rates of tax offsets	70	170	230	230	240	940	250	260	270	290	290	300	320	2,920	2014–15 Budget Paper 2, p.18
<b>Impact of unlegislated measures on the fiscal balance<sup>1</sup></b>	<b>70</b>	<b>111</b>	<b>1,734</b>	<b>3,448</b>	<b>3,846</b>	<b>9,209</b>	<b>4,100</b>	<b>3,701</b>	<b>3,730</b>	<b>3,655</b>	<b>3,684</b>	<b>3,715</b>	<b>4,671</b>	<b>36,465</b>	
<b>Impact of unlegislated measures on the fiscal balance (% of GDP)</b>	<b>..</b>	<b>..</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>		<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>		
<b>Memorandum items: public debt interest by measure<sup>2</sup></b>															
A sustainable Higher Education Loan Programme — HECS-HELP benefit — cessation	-	-	..	1	2	4	4	6	9	11	14	17	21	86	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation	-	-	-3	-12	-25	-41	-54	-87	-124	-167	-214	-264	-319	-1,270	
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly	-	-	-5	-22	-56	-83	-145	-274	-449	-663	-909	-1,184	-1,492	-5,199	

Source: Commonwealth budget papers and Parliamentary Budget Office analysis

1 Estimates in the above table provide the fiscal balance impact of unlegislated measures carried forward in the current budget estimates contained in the 2015–16 MYEFO. Estimates of the financial impacts of measures have been prepared with the latest information available to the PBO using a range of models. In arriving at the estimates, a number of assumptions have been made about revised implementation timing resulting from delays in legislating measures, the impact of the partial legislation of measures, changes in policies and parameters in the 2015–16 MYEFO, and differences between fiscal and underlying cash balance impacts. A positive number indicates an increase in revenue or a decrease in expenses. A negative number indicates a decrease in revenue or an increase in expenses. ‘-’ indicates nil whereas ‘..’ indicates not zero but rounded to zero. Notes to this table are at page 5.

2 The following public debt interest (PDI) impacts reflect changes in the financing task associated with loans issued through the Higher Education Loan Program (HELP). Consistent with *Charter of Budget Honesty Costing Guidelines*, PDI impacts are only presented where policies explicitly affect interest payments or involve transactions of financial assets such as loans. Further information on the treatment of PDI is available in PBO Guidance 02/2015. A negative figure indicates an increase in PDI. A positive figure indicates a decrease in PDI. Increases in public debt interest have a negative impact on the fiscal balance. Decreases in public debt interest have a positive impact on the fiscal balance. The public debt interest components of the impact of the measures above have been revised since the publication of this table on 3 February 2016 to better reflect the impact of financing loans on the fiscal balance. This revision does not affect the overall estimates of the fiscal balance impact of these measures.

# Unlegislated measures carried forward in the budget estimates — February 2016 update

Table 2: An estimate of the projected underlying cash balance impact of unlegislated measures carried forward in the current 2015–16 MYEFO budget estimates over the medium term<sup>1</sup>

Underlying cash balance impact (\$ million)	2014–15	2015–16	2016–17	2017–18	2018–19	Total to 2018–19 <sup>1</sup>	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	Total to 2025–26 <sup>1</sup>	Original measure
<b>Impact on payments</b>															
Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds <sup>a</sup>	-	-	139	298	362	799	443	483	491	498	506	514	521	4,256	2014–15 Budget Paper 2, p.140
Maintain eligibility thresholds for Australian Government payments for three years <sup>b</sup>	-	2	54	41	65	161	70	70	70	74	74	75	78	671	2014–15 Budget Paper 2, p.204
Increasing the age of eligibility for Newstart Allowance and Sickness Allowance <sup>c</sup>	-	-10	142	161	166	460	163	157	161	166	172	180	189	1,647	2014–15 Budget Paper 2, p.203
Australian Renewable Energy Agency — cessation	-	-	-	354	223	578	456	125	131	-	-	-	-	1,290	2014–15 Budget Paper 2, p.163
Pensioner Education Supplement — cessation	-	-	44	82	83	209	85	86	87	89	90	91	93	830	2014–15 Budget Paper 2, p.206
Apply the One-Week Ordinary Waiting Period to all Working Age Payments <sup>c</sup>	-	-3	60	59	60	177	62	63	63	64	67	69	72	637	2014–15 Budget Paper 2, p.191
Education Entry Payment — cessation	-	-	10	19	19	48	19	20	20	20	21	21	21	191	2014–15 Budget Paper 2, p.197
Veterans' Disability Pensions — commencement of payments from date of claim	-	-	10	10	10	29	10	10	10	10	10	10	11	99	2014–15 Budget Paper 2, p.221
Higher Education Support Act 2003 — efficiency dividend	-	-	96	255	323	674	335	347	359	371	384	398	413	3,281	2013–14 Budget Paper 2, p.217
A sustainable Higher Education Loan Programme — HECS-HELP benefit — cessation <sup>d,e</sup>	-	-	8	9	9	26	11	13	16	18	21	24	28	157	2014–15 Budget Paper 2, p.77
A sustainable Higher Education system — Australian Research Council — efficiency dividend <sup>d</sup>	-	-	24	25	25	75	26	27	27	28	28	29	29	269	2014–15 Budget Paper 2, p.78
Expanding opportunity — a more effective Higher Education Participation Programme	-	-	12	16	16	44	17	17	18	18	19	20	20	173	2014–15 Budget Paper 2, p.84
Expanding opportunity — Higher Education Indexation — revised arrangements	-	-	69	107	137	313	165	190	226	259	295	332	351	2,131	2014–15 Budget Paper 2, p.85
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation <sup>d,e</sup>	-	-	-3	-19	-48	-71	-98	-160	-234	-321	-420	-528	-643	-2,474	2014–15 Budget Paper 2, p.85
Higher Education — structural adjustment fund	-	-	-27	-42	-31	-100	-	-	-	-	-	-	-	-100	2014–15 MYEFO, p.150
A sustainable Higher Education Loan Programme — repayment thresholds and indexation <sup>d,f</sup>	-	-	-2	-1	-1	-3	-1	-1	-1	-1	-1	-1	-1	-9	2014–15 Budget Paper 2, p.77
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly <sup>d,f,g</sup>	-	-	365	808	924	2,097	935	876	761	627	471	296	108	6,171	2014–15 Budget Paper 2, p.84
Higher Education Reforms — amendments <sup>d,h</sup>	-	..	..	-4	-10	-14	-12	-23	-39	-48	-75	-93	-111	-414	2014–15 MYEFO, p.151
Simplifying Medicare safety net arrangements <sup>i</sup>	-	-	61	114	116	291	118	120	121	123	125	126	128	1,152	2014–15 Budget, p.145
Increasing the Age Pension qualifying age to 70 years <sup>i</sup>	-	-	-	-	-	-	-	-	-	-	-	-	950	950	2014–15 Budget, p.202
Fair Entitlements Guarantee - aligning redundancy payments to national employment standards <sup>i</sup>	-	-	26	30	32	87	34	36	39	41	44	47	50	378	2014–15 Budget, p.95
Abolish the Seafarer Tax Offset <sup>i</sup>	-	-	4	4	4	12	4	4	4	5	5	5	5	44	2014–15 Budget, p.212
Family Payment Reform — a new families package <sup>j</sup>	-	-16	223	640	1,063	1,910	1,955	2,021	2,085	2,146	2,206	2,268	2,329	16,920	2015–16 MYEFO, p.211-212
Remove Double-Dipping from Parental Leave Pay <sup>i,k</sup>	-	-7	250	334	354	931	363	372	380	394	408	423	437	3,709	2015–16 Budget, p.168
<b>Impact on receipts</b>															
Research and Development Tax Incentive — reducing the rates of tax offsets	-	160	220	220	240	840	250	250	270	280	290	300	310	2,790	2014–15 Budget Paper 2, p.18
<b>Impact of unlegislated measures on the underlying cash balance<sup>l</sup></b>	-	126	1,785	3,518	4,143	9,572	5,409	5,104	5,066	4,864	4,742	4,605	5,387	44,749	
<b>Impact of unlegislated measures on the underlying cash balance (% of GDP)</b>	-	..	0.1	0.2	0.2		0.3	0.2	0.2	0.2	0.2	0.2	0.2		
<b>Memorandum items: public debt interest by measure<sup>2</sup></b>															
A sustainable Higher Education Loan Programme — HECS-HELP benefit — cessation	-	-	..	1	2	4	4	6	8	11	14	17	21	85	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation	-	-	-3	-12	-24	-39	-52	-84	-122	-164	-210	-261	-316	-1,247	
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly	-	-	-4	-21	-53	-79	-138	-265	-437	-648	-891	-1,165	-1,471	-5,095	

Source: Commonwealth budget papers and Parliamentary Budget Office analysis

1 Estimates in the above table provide the underlying cash balance impact of unlegislated measures carried forward in the current budget estimates contained in the 2015–16 MYEFO. Estimates of the financial impacts of measures have been prepared with the latest information available to the PBO using a range of models. In arriving at the estimates, a number of assumptions have been made about revised implementation timing resulting from delays in legislating measures, the impact of the partial legislation of measures, changes in policies and parameters in the 2015–16 MYEFO, and differences between fiscal and underlying cash balance impacts. A positive number indicates an increase in receipts or a decrease in payments. A negative number indicates a decrease in receipts or an increase in payments. ‘-’ indicates nil whereas ‘..’ indicates not zero but rounded to zero. Notes to this table are at page 5.

2 The following public debt interest (PDI) impacts reflect changes in the financing task associated with loans issued through HELP. Consistent with *Charter of Budget Honesty Costing Guidelines*, PDI impacts are only presented where policies explicitly affect interest payments or involve transactions of financial assets such as loan. Further information on the treatment of PDI is available in PBO Guidance 02/2015. A negative figure indicates an increase in PDI. A positive figure indicates a decrease in PDI. Increases in public debt interest have a negative impact on the underlying cash balance. Decreases in public debt interest have a positive impact on the underlying cash balance. The public debt interest components of the impact of the measures above have been revised since the publication of this table on 3 February 2016 to better reflect the impact of financing loans on the underlying cash balance. This revision does not affect the overall estimates of the underlying cash balance impact of these measures.

## Notes to tables

- a This measure is unlegislated and savings from it are included in the current 2015–16 MYEFO budget forward estimates, although the Government has announced that it will not proceed.
- b This measure was amended in the 2015–16 Budget to exclude certain payments including the Age and Disability Support Pensions and Carer payments and further in the 2015–16 MYEFO to exclude Family Tax Benefit payments. The impacts of these changes are reflected in the figures against this measure presented in the table above.
- c This measure was amended in the 2015–16 Budget. The impact of this change is reflected in the figures against this measure presented in the table above.
- d This measure was amended by the 2015–16 MYEFO measure *Higher Education Reform – delay*. The impact of this change is reflected in the figures against this measure presented in the table above.
- e This measure includes PDI associated with loans through HELP which is disaggregated in the memorandum items to this table.
- f This measure was amended by the 2014–15 MYEFO measure *Higher Education Reforms – amendments*. The impact of this amendment is reflected in the figures against this measure in the table above.
- g This measure includes PDI associated with loans through HELP which is disaggregated in the memorandum items to this table. The inclusion of PDI significantly reduces the savings impact over the period 2016–17 to 2024–25 for this measure which would grow into the future. In 2025–26, the inclusion of PDI results in the measure having a negative impact on the fiscal balance.
- h Residual of the 2014–15 MYEFO measure *Higher Education Reforms – amendments* after adjusting for amendments to 2014–15 Budget measures, *A Sustainable Higher Education Loan Programme – repayment thresholds and indexation* and *Expanding Opportunity – expansion of the demand driven system and sharing the cost fairly*. The residual figures presented against this measure in the table above largely represent the impact of pausing indexation of HELP debts for primary carers with children under five.
- i This measure has been added to the list of unlegislated measures since the September 2015 publication.
- j This measure has been added to the list of unlegislated measures since the September 2015 publication. It replaces three 2014-15 Budget family payment reform measures: *Revise Family Tax Benefit end-of-year supplements*, *Maintain Family Tax Benefit payment rates for two years*, and *Limit Family Tax Benefit Part B to families with children under six years of age*. The associated legislation for it was removed from the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015* in order for this bill to pass in November 2015.
- k This measure was amended by the 2015–16 MYEFO measure *Parental Leave Pay – revised arrangements*. The impact of this change is reflected in the figures against this measure presented in the table above.
- l Totals may not add due to rounding.

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