



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Investing in Pre-School* (letter of 28 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

28 June 2016



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

Name of proposal:	Investing in Pre-School
Summary of proposal:	The proposal would extend the existing National Partnership Agreement on Universal Access to Early Childhood Education from 1 July 2017 to 30 June 2020. The proposal would have effect from 1 July 2017.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	21 June 2016 http://greens.org.au/childcare
Date costing request received:	28 June 2016
Date costing completed	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$1,010.0 million over the 2016-17 Budget forward estimates period. The financial implications entirely reflect administered expenses related to the continuation of the National Partnership Agreement on Universal Access to Early Childhood Education (the Agreement).

Consistent with the current arrangements, the proposed extension of the Agreement would not be expected to involve any Commonwealth departmental costs as the services being funded are delivered by states and territories.

As specified, the proposal would not have ongoing financial implications beyond the 2016-17 Budget forward estimates period as the proposed extension to the Agreement would cease on 30 June 2020.

This costing is considered to be of medium reliability as it is based on assumptions regarding levels of enrolment and attendance targets.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-130.0	-435.0	-445.0	-1,010.0
Underlying cash balance	-	-130.0	-435.0	-445.0	-1,010.0

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

- Indicates nil.

Key assumptions

Current enrolment and attendance targets would be maintained over the 2016-17 Budget forward estimates period.

States and territories would remain signatories to the Agreement from 1 July 2017 to 30 June 2020 under this proposal.

Methodology

The financial implications of this proposal were estimated by extending the Agreement (accounting for relevant indexation factors) to cover the 2018 and 2019 school years and through to 30 June 2020. These results were then apportioned to financial years.

Estimates have been rounded to the nearest \$5 million.

Data sources

- 2016-17 Budget Paper No. 3 Federal Financial Relations.
- Council of Australian Governments, National Partnership Agreement on Universal Access to Early Childhood Education.
- Department of Finance provided indexation parameters.