



Productivity Fund payments – redirection	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would reverse the 2024-25 Mid-year Economic and Fiscal Outlook (MYEFO) measure¹ to provide \$900 million over 11 years from 2025-26 to establish a new National Productivity Fund and return the funding to consolidated revenue.</p> <p>The proposal would start on 1 July 2025.</p>	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$327 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in administered expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The financial implications of this proposal are sensitive to the ongoing discussions and negotiations between the federal government and the state and territory governments. The expenditure profile of the National Productivity Fund has not yet been finalised and will not be known until the negotiations are completed.

Table 1: Productivity Fund payments – redirection – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	81.9	81.9	81.8	81.8	327.4
Underlying cash balance	81.9	81.9	81.8	81.8	327.4

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

(b) PDI impacts are not included in the totals.

Key assumptions

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

- All funds under the National Productivity Fund are not committed and would be available for reallocation.

¹ The measure's title was *Revitalising National Competition Policy* (page 300 of the 2024-25 MYEFO), with the National Productivity Fund one of several components.

- The current yearly funding profile is evenly distributed over the 11 years outlined in the MYEFO measure.
- No additional costs would be associated with reversing the funding as all funding is uncommitted and no contractual obligations are currently in place.

Methodology

The 2024-25 MYEFO measure specified the amount of \$900 million over 11 years, but did not provide a yearly profile for the amount, as this detail was “pending further information from states and territories on the timing of reforms.”

For this costing, the PBO has evenly distributed the reversal of the allocated funding over the 11-year period.

Financial implications were rounded consistent with the PBO’s rounding rules.²

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Commonwealth of Australia (2024) *2024-25 Mid-Year Economic and Fiscal Outlook*, Commonwealth of Australia.

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Productivity Fund payments – redirection – Financial implications

Table A1: Productivity Fund payments – redirection – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
<i>National Productivity Fund</i>	81.9	81.9	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	327.4	900.0
Total – expenses	81.9	81.9	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	327.4	900.0
Total (excluding PDI)	81.9	81.9	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	81.8	327.4	900.0

(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.

Table A2: Productivity Fund payments – redirection – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	1.8	5.5	9.4	13.4	17.7	22.1	26.7	31.6	36.8	42.2	47.9	30.1	255.1
Underlying cash balance	1.4	4.6	8.4	12.4	16.6	21.0	25.6	30.4	35.5	40.8	46.5	26.8	243.2

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (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.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)