



Parliamentary
Budget Office

APPENDIX E:

REPORT REQUIREMENTS AND METHODOLOGY

2025 Election Commitments Report

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Introduction

The PBO's legislation requires that, for each major party, the *Election Commitments Report (ECR)* contains costings of all election commitments that, in the Parliamentary Budget Officer's best professional judgement, would have a material impact on the budget. The report must also include the total combined impact of those commitments.

To fulfil these requirements, the PBO must first identify all relevant commitments, and then cost and aggregate them accurately and robustly.

This appendix provides detailed information regarding the legislative requirements and methodology for compiling the ECR covering:

- Legislative requirements and consultation processes
- Additional features for the 2025 ECR
- Identification of election commitments
- Costing of election commitments
- Aggregating election commitments.

What is the Parliamentary Budget Office (PBO)?

The PBO was established in 2012 to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.

We do this in 3 main ways:

- By responding to requests made by Senators and Members for costings of policy proposals or for analysis of matters relating to the budget across the full term of the parliament. This includes analysis provided to Parliamentary inquiries.
- By conducting and publishing information to enhance the public understanding of the budget and fiscal policy settings.
- By publishing a report after every election that provides transparency around the fiscal impact of the election commitments of major parties, and minor parties and independents that choose to be included.

Further information and an introduction to the PBO's services is available here: [About the PBO](#).

Legislative requirements and consultation processes

Timing, parties and scope

Section 64MA of the *Parliamentary Service Act 1999* (the Act) requires the Parliamentary Budget Officer to provide a report after every general election on the total impact on the budget of the election commitments of the major political parties. This *Election Commitments Report (ECR)* must be published by the later of 30 days after the end of the caretaker period, or 7 days prior to the first sitting day of the new Parliament.¹

The Act defines a ‘designated’ or major parliamentary party as a political party with at least 5 members in the Commonwealth Parliament immediately before the caretaker period. The major parliamentary parties of the 47th Parliament of Australia required to be included in the ECR are:

- the Australian Labor Party (Labor)
- the Liberal Party of Australia, Country Liberal Party, Liberal National Party of Queensland and The Nationals, treated as a single party (the Coalition)
- the Australian Greens (the Greens).

It has been the Parliamentary Budget Officer’s practice to also provide minor parties and independent parliamentarians with the option to be included in the ECR. Information on how to do this was provided in a guidance note² and followed up with letters.

For the 2025 ECR, there was one independent member of parliament who chose to be included and who continued as a representative in the Parliament following the election: Dr Helen Haines MP, the independent member for Indi. Her commitments are published as an additional chapter in this report.

The Act requires that for each included parliamentary party the ECR must include:

- the financial impact of all of the election commitments that the Parliamentary Budget Officer reasonably believes would have a material impact on the Commonwealth budget estimates over the 2025-26 Budget forward estimates period (the budget year and the next 3 years)
- the total combined impact of each party’s election commitments on the budget estimates over the 2025-26 Budget forward estimates period.

The report may include other information in addition to these statutory requirements. For the purposes of the 2025 ECR, costing minutes are included for all commitments that have a net non-zero financial impact, separate chapters and analysis are included for each party, and all analysis includes estimates of impacts over the medium term.

¹ The specific deadline for each report implied by this requirement is determined by applying the conventions around dates (such as accounting for public holidays) in the *Acts interpretation Act 1901*. The requirements for the ECR are set out in the *Parliamentary Services Act 1999* Sections 64MA, 64MAA, 64MB and 64MC.

² PBO general election guidance 3 of 4, 2024 *How minor parties and independents can opt in to the PBO’s Election Commitments Report*, available on the [election](#) page of the PBO website.

Consultation with parties and independents

The Act provides that the Parliamentary Budget Officer must seek, and may take into account, feedback from parliamentary parties when preparing the report. We follow a similar approach for minor parties or independents choosing to opt in. These processes are summarised in Figure E-1 below.

- Parliamentary parties must submit a list of their election commitments to the PBO on the day before polling day and the PBO must publish these on the day after polling day.
- The PBO separately tracks and identifies election commitments made by parties during the campaign and must provide its list to each party within 3 days after the end of the caretaker period.
- At least 48 hours before publicly releasing the report, the PBO must provide each party with a copy of the part of the report setting out the costings of that party's election commitments.

Financial impacts included in this report

In the appendices to the report, financial impacts are provided:

- both in terms of their net impact on the budget aggregates, and the resulting final levels of the budget aggregates
- on several budget aggregate bases (including a fiscal, underlying cash and headline cash balance basis) (see Box E-1)
- broken down by their individual components and by different sources of receipts and payments (and their accrual equivalents)
- in nominal dollars and as a proportion of GDP to the end of the medium term.

Individual costing minutes are included for commitments that have a net non-zero financial impact on the budget aggregates and are available on the [PBO website](#).

Box E-1: Bridging the balances

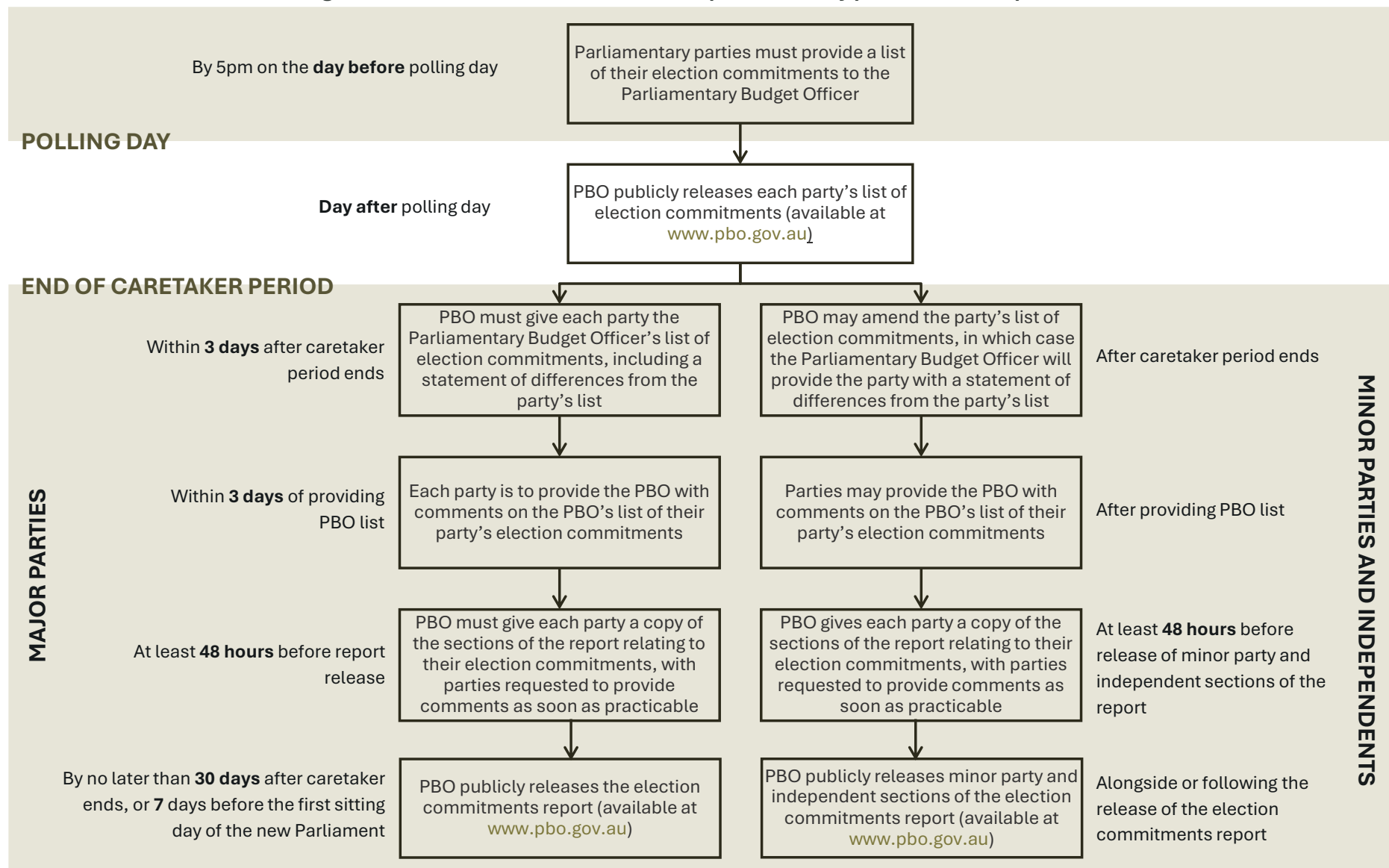
The underlying cash balance, headline cash balance, and fiscal balances are common aggregates used to examine the budget position in budget reporting.

- The underlying cash balance is the difference between the government's receipts and its payments. It is a cash measure, which means it records income when it is received and payments when they are made, even though those amounts might have been earned or incurred in a different financial year. Generally, when the government or the media say that the budget is in a deficit or a surplus, they are referring to the underlying cash balance.
- The headline cash balance is similar to the underlying cash balance, but it also accounts for the government's investment in financial assets for policy purposes (such as student loans and equity injections). Policies affecting the headline cash balance can have an impact on debt even if they do not affect the underlying cash balance.
- The fiscal balance is an accrual measure rather than a cash measure. It is equal to the government's revenue (for example from taxes) minus its expenses (from providing services such as Medicare and income support such as the age pension), adjusted for government capital investments such as military equipment (known as 'net capital investment in non-financial assets') when they are acquired or sold.

In the ECR, the focus is generally on the impact of party platforms on an underlying cash basis including interest payments.

For further information, see the PBO's [*Online budget glossary*](#).

Figure E-1: Process for consultation with parliamentary parties and independents



Additional features for the 2025 ECR

This is the PBO's fifth ECR. Each report builds on the previous one and the 2025 report includes, for the first time, the total combined impact of each party's election commitments on the levels of government gross debt, net debt and public debt interest payments.

Table E-1: summarises key information from each report to date, including election and report timing and the number of commitments per party.

Table E-1: Key elements of the Election Commitments Report

Year	Timing	Number of commitments ^{(a),(b)}	Additional features
2025	20 June 2025 (48 days after the end of caretaker)	<ul style="list-style-type: none"> • Total commitments: 637 <ul style="list-style-type: none"> – 214 by the Coalition – 63 by Labor – 345 by the Greens* – 15 by Dr Helen Haines, the independent member for Indi 	<ul style="list-style-type: none"> • Information on the impacts of policies on gross debt, net debt and public debt interest payments.
2022	14 July 2022 (53 days after the end of caretaker)	<ul style="list-style-type: none"> • Total commitments: 314 <ul style="list-style-type: none"> – 41 by the Coalition – 154 by Labor* – 99 by the Greens* – 20 by Dr Helen Haines, the independent member for Indi 	<ul style="list-style-type: none"> • Medium-term impacts for all individual election commitments. • Information on the distributional impacts of policies, where previously requested and elected to be retained by parties. • Additional data and graphs on commitments, including by primary purpose. • A more comprehensive set of budget balance information, including both the net impact on and final level of the headline cash balance.
2019	19 June 2019 (31 days after the end of caretaker)	<ul style="list-style-type: none"> • Total commitments: 427 <ul style="list-style-type: none"> – 68 by the Coalition – 273 by Labor* – 86 by the Greens* 	<ul style="list-style-type: none"> • The total combined medium term impact of each party's election commitments on receipts, payments and the underlying cash balance, as a share of GDP.
2016	5 August 2016 (18 days after the end of caretaker)	<ul style="list-style-type: none"> • Total commitments: 515 <ul style="list-style-type: none"> – 80 by the Coalition – 321 by Labor – 115 by the Greens* 	<ul style="list-style-type: none"> • Medium-term impacts for a subset of costings.
2013	18 October 2013 (30 days after the end of caretaker)	<ul style="list-style-type: none"> • Total commitments: 363 <ul style="list-style-type: none"> – 172 by the Coalition* – 74 by Labor – 119 by the Greens* 	<ul style="list-style-type: none"> • The financial impact of all election commitments with a material impact over the forward estimates period. • The total combined impact of each party's election commitments on the budget estimates over the forward estimates period. • Individual costing documents for all election commitments with a material financial impact over the forward estimates, other than those involving specified (capped) amounts of funding.

(a) Each capped commitment is included individually in the total.

(b) Because commitments are primarily those identified by parties, this number is affected by the way that parties choose to group their commitments. For example, making fewer more highly aggregated commitments with many subcomponents would result in a lower number of commitments. The number and value of election commitments included in the ECR is often lower for the party in government than for the other major parties, as it will often include large parts of its platform in a budget update released just prior to calling the election.

* Includes a costing for the budget analysis of interactions between the party's election commitments.

Identifying election commitments

The election commitments in this report include all election commitments that have been identified by the PBO as policies that parties would seek to implement after the election and which would be expected to have a material impact on the budget.

The Parliamentary Budget Officer determined the commitments that are included in this report, and the detailed specifications for these commitments, based on:

- the lists of election commitments that the parties provided to the PBO on the day before the election
- our tracking of election commitments and announcements before and during the caretaker period
- our assessment of the fiscal impact of commitments
- consultation with parties.

The rest of this section describes the criteria for election commitments to be included in the report, and the PBO's approach to identifying commitments meeting these criteria.

What makes a commitment for the purposes of this report?

The Parliamentary Budget Officer decides which commitments should be included in the ECR, based on announcements made by the parties prior to polling day and any associated fiscal impact. Election commitments included in the report must be public, specific, and material. That is, for an announcement to be included as an election commitment in the report, it must at least satisfy the following:

- The commitment must have been publicly announced. This may include announcements made before and during the caretaker period. The PBO's legislation provides for the Parliamentary Budget Officer to seek additional information about election commitments as required, including from people outside the relevant parliamentary party if they have been involved in the development of an election commitment.³
- The announcement must have been made by a candidate for or member of the parliamentary party, or an independent parliamentarian. This may include current sitting parliamentarians who are not contesting the election (for example, current members who are retiring or senators who are partway through their term).
- The announcement must be specific enough to cost. Where no firm commitment is made as to the policy mechanism or details that would deliver on the announcement, it may be considered aspirational in nature. Where an announcement involves detailed actions to achieve an aspirational target, the PBO would include the commitment in the report.
- The commitment must have a material impact on the Australian Government budget. This includes commitments for additional expenditure that would be material but have a net zero impact because the party specifies that it would be offset by savings. What makes a commitment material is discussed further in the next section.

While a commitment must at least satisfy the above, there may still be judgement involved when determining whether announcements made during the election campaign and not included on the

³ *Parliamentary Service Act 1999* section 64MB(1).

list provided by the party constitute election commitments for the purposes of the report. In forming this judgement, the Parliamentary Budget Officer may consider other factors such as which party member made the statement and the nature of the commitment made.

The PBO's legislation requires the Parliamentary Budget Officer to take account of statements made before and during the caretaker period when determining election commitments for the purposes of the report. For the 2025 election, the caretaker period ended on polling day. In the event of an extended caretaker period, the PBO would consider announcements made during caretaker after polling day.

What makes a commitment material?

To be considered material, an individual election commitment must reasonably be expected to have a non-zero impact on the Australian Government budget. This includes commitments for additional expenditure (or savings) that would be material but have a net zero impact because the party specifies that it would be offset by a corresponding saving (or expense).

In determining materiality, the Parliamentary Budget Officer will consider commitments on both an individual basis and in the context of the party's entire platform. In situations where there are multiple non-material changes they may be considered to have a significant impact on the budget when aggregated together.

Material commitments

In practice, all small but specific administered commitments are included in the ECR. The below examples set out cases where a commitment would be considered to be material for the purposes of the report. In some cases where a material commitment has a net zero impact on the budget balances, the commitment is included in the report but without a separate costing minute.

- The commitment reallocates funds across different programs which are in the *Pre-election Economic and Fiscal Outlook* (PEFO) baseline, but not yet contractually committed to a particular project or funding recipient and not managed as part of a global program (eg. Defence). Though the commitments may have no additional cost to the budget, each component (and therefore the commitment) would be considered to be material for the purposes of the report.
 - For example, if there is a \$500 million grant program already in the PEFO baseline, but only \$100 million of grants have been contractually committed prior to the start of the caretaker period, \$400 million is available to any party contesting the election to commit to new projects under the program at no additional cost to the budget.
 - Alternatively, a party could announce that uncommitted funds in the program would be returned to the budget and allocated to a different priority, at no additional cost to the budget.
- The commitment involves an increase in departmental expenses and this increase could not reasonably be expected to be absorbed in existing agency budgets. Examples include:
 - the establishment of a new agency
 - substantial new activities (temporary or ongoing), such as a Royal Commission.
- The commitment is unquantifiable but would be expected to have material impacts.

When is an announcement not material?

There are 4 main reasons that an announcement, meeting the other criteria for being a commitment, might not be a material commitment for the purposes of the report.

- The commitment is a regulatory or legislative change alone (where it can be administered using the current regulatory arrangements). Departments are already resourced to undertake this type of work as part of their business as usual activities. Further, the direct fiscal impact of these types of commitments is generally small, and often zero, if they can be administered using current regulatory and institutional arrangements.
- The commitment involves minor departmental expenses and these could reasonably be expected to be absorbed, or is already provided for, in existing agency budgets. Examples include modest changes to the administration of existing programs or grants to specific entities including state and territory governments.
 - In some cases, a party will specify in the commitment that the affected agency would absorb any costs associated with implementing the commitment. In this case, the PBO considers whether those expenses would be material, both individually and in aggregate across the party's entire platform.
- The commitment is in the PEFO baseline because the announcement is a 'decision of government'. That is, the decision to implement the proposal was appropriately authorised by the government prior to the start of the caretaker period. This could be in the 2025-26 Budget or 2024-25 Mid-year Economic or Fiscal Outlook prior to the election, or between the budget and the start of the caretaker period.
 - While policies may not be explicitly announced as a 'measure' in Budget Paper 2, they may still be factored into the budget baseline, including through the line item *Decisions Taken But Not Yet Announced and Not for Publication*.⁴
 - The PBO seeks advice from all parties on the source of funding for announcements made during the election campaign. Where the party in government advises that an announcement was a decision of government, the PBO verifies this with the relevant government agency.
- The commitment draws funds from an appropriation or 'global budget' at the function level, rather than at a program level within the portfolio where the Minister has significant discretion on allocation within the global budget. An example of this is the Defence portfolio.
- The commitment is conditional. Commitments which are dependent on another body's decision which the government cannot directly bring about and/or which is uncertain are not included. In these cases, the commitment is likely to be unquantifiable.
- The commitment materially affects the statement of risks (for example, a contingent liability).
 - 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. *Budget Paper 1* includes quantifiable contingent assets and liabilities that are improbable, but not remote, in the statement of risks.

⁴ For more information, see the PBO's Budget Explainer on [*The Contingency Reserve*](#).

How does the PBO identify potential commitments?

During the caretaker period, the PBO identified over 3,000 potential election commitments by participants in the ECR. Box E-2 outlines the sources reviewed by the PBO with the aim of identifying all election commitments with a material impact on the budget. The PBO considered the criteria discussed above to identify which of these potential commitments were election commitments for the purposes of the report.

As discussed in the party sections of the report, this independent tracking of election commitments may lead to some additional election commitments being included beyond those identified by parties just before the election. It may also lead to changes in the specifications of some election commitments, where announcements were judged to add components to or otherwise modify a commitment.

Box E-2: The PBO's prioritisation framework for election commitment tracking

Announcements about election commitments are made by many parliamentary party members and candidates for designated parties, in forums ranging from Press Club speeches and party websites to hardcopy material dropped in letterboxes. Particularly given the rise of social media, the PBO cannot monitor all sources of election commitments exhaustively, so we prioritise sources of election commitments for monitoring. The PBO prioritises sources as follows:

Tranche 1

- Platform documents published on party websites: monitored exhaustively
- Consolidated party fiscal plan documents (if released): monitored exhaustively
- All material mentioning commitments costed by the PBO: monitored exhaustively
- Speeches, transcripts and press releases by ministers and opposition shadow ministers (which may be on individual rather than party websites): monitored closely with a focus on speeches, press releases and appearances covering new policy announcements
- Announcements and transcripts where candidates (particularly for marginal seats) appear with major ministers and opposition shadow ministers: monitored closely.

Tranche 2

- Major (high circulation) mainstream print and online media: monitored regularly, prioritising material which may add to, rather than duplicate, tranche 1 material.
- Social media: monitored as time permits, prioritising ministerial, shadow ministerial and marginal seat candidates' material which may add to, rather than duplicate, tranche 1 material.

Tranche 3

- Other sources, such as hardcopy material distributed to electors, and smaller media outlets: not actively monitored, but may be used as additional evidence for commitments identified through other sources.

Costing election commitments

Individual costing minutes are included in this report for commitments that have a net non-zero financial impact on the budget aggregates. Estimates of the financial impacts of the commitment are provided over the 2025-26 Budget forward estimates period (2025-26 to 2028-29) and medium term (2025-26 to 2035-36). Where the PBO identified a financial impact in 2024-25, this has been included as a footnote in the relevant financial tables.

The individual costings in this report use the same budget rules and costing conventions, and comparable models and data, as the government uses in preparing the budget.

Every costing minute includes the detail of the specification of the commitment, a summary of the expected fiscal impact against the relevant budget aggregates (usually the underlying cash balance and fiscal cash balance, and where alternative financing is used, also the headline cash balance), detailed tables of the impact over the medium term, and an explanation of the key assumptions, methodology and data sources used in preparing the costing.

The baseline for the costings included in this report, and the economic parameters underpinning the analysis, were set out in the PEFO released on 7 April 2025 by the Secretary to the Treasury and the Secretary of the Department of Finance (the secretaries). The financial impacts of a costing estimate the impact of the proposal against this baseline.

The estimated cost of a policy can change over time as economic conditions change and new data become available. Some individual costings are only slightly affected by changes in economic parameters, while others are very sensitive to parameter changes. Each individual PBO costing minute contains a discussion of the drivers of the results and how sensitive the estimates are to variations in those drivers.

The costings included in this report have been prepared by either the Parliamentary Budget Officer or by the Secretary of the Department of Finance or the Treasury, in keeping with the *Charter of Budget Honesty Policy Costing Guidelines*.⁵ Where costings have been prepared by one of the secretaries during the caretaker period, the Parliamentary Budget Officer has taken all reasonable steps necessary to determine that the costings are valid and appropriate for inclusion in the report.

Where a policy costing prepared by the Treasury or the Department of Finance during the caretaker period does not include the financial impacts over the medium term, the PBO has prepared a supplementary costing that includes these.

What is (and is not) in a costing

PBO costings are an assessment of the financial impact of a proposed election commitment on the budget. They estimate how much an election commitment, if implemented, would change the budget surplus or deficit as presented in PEFO. These costings take into account the expected direct behavioural responses to the proposed policy change by people (or other entities) who are

⁵ The latest [Charter of Budget Honesty - Policy Costing Guidelines](#) were issued by the secretaries on 23 September 2024.

directly affected by the policy wherever those responses are likely to have a significant impact on the cost of a proposal.⁶ More detail on costing infrastructure projects is in Box E-3.

Box E-3: The PBO's approach to costing large-scale infrastructure projects

Due to their technical complexity, costings related to physical infrastructure assets sometimes raise special issues and challenges.

Past and current major infrastructure projects funded partly or wholly by the Australian Government include some of Australia's railway network, highways and other roads, the Snowy Mountains Hydroelectric Scheme, and the National Broadband Network. These are large and complex engineering projects which take many years to plan and complete.

The cost of large-scale projects can take years to estimate, even for experts in the field. As such, the PBO is not able to cost complex infrastructure projects solely from its own resources.

Should sufficient material be publicly available, the PBO may provide a range of estimates reflecting a summary of existing expertise and the associated uncertainties, and, where available, appropriate assumptions that underpin these estimates. For simpler projects, the PBO may consider that similar completed projects provide relevant precedents such that an estimate can be determined. For other types of projects, accepted valuation conventions may be applied.

For both complex and simpler projects, the PBO takes a cautious approach where it lacks technical expertise.

It is important to note that the resultant costing is simply an estimate of the cost of the project. The costing is *not*:

- A cost-benefit analysis
- An assessment of viability of the timeframes committed to
- An assessment of the likelihood of the project fulfilling its purpose.

The costings do not include impacts that could arise due to the effects of a policy proposal on the wider economy, for instance through a change in prices, wages, investment or productivity that can change the rate of growth of the economy, although the costing documents do include a qualitative statement where the potential for these effects is judged to be significant. This approach is consistent with the approach taken in the budget and in other jurisdictions.⁷ These impacts are sometimes referred to as 'broader economic', 'second round', or 'indirect' effects.

Broader economic impacts are generally not included in costings because their magnitude and timing are highly uncertain. In some cases it is not even clear what direction the broader economic effects would have, as it depends on additional details such as how the proposal would be

⁶ The PBO's *Guide to reading PBO costings* contains more information on how policies, including election commitments, are costed. The PBO has also issued several information papers that explain in more detail what a costing is, what factors determine the reliability of costings, behavioural assumptions, and the costing process, available on the [how we analyse](#) page of the PBO website.

⁷ For further discussion on the treatment of broader economic effects in costings, see the PBO information paper [Including broader economic effects in policy costings](#).

funded. The broader economic effects may also already be included implicitly in the baseline budget projections. For example, the medium-term budget projections assume that there would be ongoing productivity growth at around the average level of the past 30 years. This implicitly assumes that there would be ongoing reforms to deliver such an outcome. Including productivity growth impacts for a particular proposal on top of these background assumptions risks overstating the likely level of productivity growth.

Costings prepared by the PBO are based on the best information available, including known details of items already included in the budget. Unlike other budget updates, for PEFO the PBO has access to the details of provisions for individual items included in the Contingency Reserve, except where decisions are commercial in confidence or are not disclosed for national security reasons.⁸

Conventions: agency names and rounding

Agency and portfolio names in the report are as at the 2025 general election. They do not reflect any Machinery of Government changes post-election.

The PBO rounds its estimates of the financial implications of policy proposals to simplify the presentation and acknowledges that the figures presented are estimates and not exact numbers. All estimates are rounded to 3 significant figures. The PBO rounds by applying a set of rules that are simple to implement and apply consistently across all costings. Our default rounding convention may be modified on occasion where it fails to clearly present a costing's financial implications. For example, where an estimate is particularly uncertain, in which case we may present less than three significant digits, or where a proposal specifies an exact amount to be spent, in which case the figures presented would not be rounded at all.⁹

How election commitments are specified

The specification of the policy proposal to be costed is the starting point for any costing analysis. The costing specification comes from the person or party who has initiated the proposal. It sets out the proposed change to existing policy, or introduction of new policy, that is the subject of the costing analysis. Typically, the PBO would require the following details to effectively cost a policy:

1. the aim of the policy change that is being made, which provides the context and helps us understand the policy proposal
2. the change that is being made to current policy settings, including details of any changes in:
 - grant amounts
 - payment rates
 - tax rates
 - the transactions base
 - eligibility criteria
 - thresholds
 - taper rates

⁸ For more information on the Contingency Reserve and its major components, see the PBO's Budget Explainer on [*The Contingency Reserve*](#).

⁹ The [How we analyse](#) page of the PBO website presents more detailed information on the PBO's rounding rules.

- financing arrangements
 - any other matter that has a bearing on the financial impact of the proposal.
3. implementation details, such as which agency will administer the policy
 4. the commencement date of the policy
 5. the date of announcement of the policy
 6. details of any transitional arrangements
 7. whether the policy is ongoing or terminating, and if it is terminating, the termination date.

In costing election commitments for the ECR, the PBO will prioritise public statements to evaluate and specify the commitments. Where the required detail cannot be determined from the policy announcement, the PBO will apply the following standard assumptions set out in our election guidance.¹⁰

- For all proposals, except those that are ‘capped’ at a fixed amount, unless otherwise specified, it will be assumed they will commence on 1 July after the general election, will not be indexed and will be ongoing.
- For expenditure proposals that are ‘capped’ at a fixed amount, unless otherwise specified, it will be assumed they will commence on 1 July after the general election, will not be indexed, will terminate after 4 years (that is, at the end of the forward estimates period related to the date of commencement), will spread expenditure evenly over 4 years and will include departmental expenses within the capped amount.

Where further information is required to cost the commitment, the PBO may draw on several sources, including:

- responses to costing requests submitted on a confidential basis prior to the start of the caretaker period (the PBO continues to process these on a confidential basis up until polling day)
- responses to requests for costings submitted publicly during the caretaker period
- additional information provided by the parties, where the PBO has contacted them for further information related to announced election commitments.

Each costing minute summarises the policy specification for the costing at the start, so that it is clear exactly what has been costed. To improve transparency, costing minutes for election commitments separate the policy specifications into 2 sections: the ‘summary of proposal’ which details those specifications drawn from public sources or from the PBO’s set of standard assumptions, and the ‘Additional information (based on advice provided)’ which details those specifications drawn from non-public sources, including previous costings or from clarifications with parties.

¹⁰ PBO general election guidance 2 of 4, 2024 *Costing policy proposals during the caretaker period*, available on the [2025 General election](#) page of the PBO website.

Commitments are assumed to be ongoing unless parties publicly state otherwise

Where the PBO could not determine from the policy announcement and related public material whether a commitment was ongoing or terminating, we adopt the standard assumption that the commitment is ongoing at the level of funding in the last year of the forward estimates, either at a fixed level or indexed. This assumption does not apply to discrete ‘projects’ such as the construction of a specific piece of infrastructure, which are all assumed to be terminating.

Commitments where departmental expenses are absorbed

When tracking announcements made by parties, the PBO notes all instances where departmental costs associated with implementing a commitment are specified to be absorbed by the affected agency or otherwise required to be offset under the commitment. A list of the number of commitments by portfolio is provided in each party chapter.

Commitments with concessional financing arrangements

A concessional loan is a loan provided on more favourable terms than the borrower could obtain in the financial market. The most common concession is a below market interest rate, but concessions can also include favourable repayment conditions. The income contingent loans available through the Higher Education Loan Program (HELP) are an example of concessional loans offered by the Commonwealth.

The accounting treatment of concessional loans differs across each budget aggregate. The underlying cash balance only captures actual flows of interest related to the loans (which include fees). The headline cash balance captures actual flows of principal as well as interest. The fiscal balance captures accrued interest, the value of the concession and any write-offs related to the loans. The interest cost of financing these loans is captured in all budget aggregates, and is separately identified by the PBO (see Table E-2 for more detail).¹¹

The provision of concessional loans decreases the Australian Government’s net worth if the liabilities issued (the value of Commonwealth Government Securities issued to finance the loans) are greater than the assets created (measured at their ‘fair value’ or price at which the loans could be sold).

¹¹ This is in accordance with *PBO Guidance 02/2015* and the Charter of Budget Honesty Policy Costing Guidelines which specify that costings of proposals that ‘involve transactions of financial assets’ need to take into account the impact on PDI payments.

Table E-2: Components of concessional loan financial impacts in costing proposals

Budget item	Appears in	Comments
Interest accrued or received	All budget aggregates	Captures the interest accrued or expected to be received on the debt. (The budget cannot include interest income on a debt that is not expected to be repaid.)
Concessional loan discount expense and unwinding revenue	Fiscal balance	The net present value of the concession (based on the difference between the market and concessional interest rates) is captured as an expense in the fiscal balance. As loans are repaid, the remaining value of the concession reduces, so this expense is 'unwound' with a positive impact on the fiscal balance. The concessional discount and its unwinding are not recognised in cash balances as there is no cash inflow or outflow.
Write-offs	Fiscal balance	Debts forgiven, also known as mutually agreed write-downs, are expensed when they occur, reducing the fiscal balance. These transactions do not affect the cash balances as no cash flows occur. An assessment by the Government that a loan (apart from HELP loans) will not be fully repaid is an 'other economic flow', not included in the FB.
Initial loan; principal repayments	Headline cash balance	Higher estimates of loans not expected to be repaid lowers principal repayments. These transactions are not included in the fiscal balance or underlying cash balance as they involve the exchange of one financial asset (loan) for another (cash).
Public debt interest (PDI)	All budget aggregates	The PDI impact is the cost of the change in the government's borrowing requirements to fund the loans. The net headline cash balance impact excluding PDI is used to estimate the proposal's impact on PDI payments.

Treatment of debt not expected to be repaid (DNER)

All budget aggregates take into account estimates of the share of loans not expected to be repaid when calculating interest flows and estimating the value of the concession that is being provided. The fiscal balance captures change in loans not expected to be repaid through 'Other loan financing'. If a portion of loans are not expected to be repaid, estimates of the 'fair value' of the loans outstanding will be reduced. Such reductions, both when loans are issued and if loans are subsequently re-valued, are recorded in the budget under 'other economic flows' which are also reflected in net worth.

Additional detail regarding the treatment of concessional financing arrangements in each election commitment is contained in the corresponding costing minute available on the [PBO website](#).

Aggregating election commitments

Once individual election commitments were identified and costed, the costs were aggregated to determine the combined impact of each party's election commitments on the budget aggregates against the PEFO baseline. This was done by:

- adding together the direct budget impacts of the individual election commitments
- adjusting for material interactions between commitments
- applying any overarching commitments, such as a tax cap
- adjusting for an estimate of the PDI impact of the entire platform.

Adding together the direct budget impacts of the individual election commitments

The aggregate budget impact includes all quantifiable election commitments for each party. In some cases, the PBO may judge that a commitment would have a material impact on the Australian Government budget, and therefore be included in the report, but judge that the impact on the budget cannot be reliably quantified.

Adjusting for material interactions between commitments

The PBO estimates material interactions between commitments for each party.

An interaction arises when 2 or more proposals (or individual components of a proposal) would have different budgetary implications when implemented together, compared to the sum of the budgetary implications of implementing the proposals (or individual components of a proposal) in isolation.

For example, a policy to increase the age pension payment rate and a policy to reduce the income test for eligibility for the age pension would have a different (and larger) impact when implemented together, because the second policy would increase the number of pensioners receiving the higher payment.

Consideration of overarching commitments

Where a party includes an overarching commitment, the PBO includes estimates where it has determined that the commitment has a specific and material impact.

Where a party has stated a policy to commit to spend a percentage of the budget or GDP, the PBO considers whether this commitment has additional financial implications. A commitment is included where the announced overarching commitment is considered specific and material, and is not already included in the budget baseline or in other commitments in the party platform.

In the 2025 ECR, there are 2 Coalition commitments and one Greens Commitment that fall into this category.

The Coalition commitment *Increase defence spending – including investing in a Fourth F-35A Lightning Squadron (ECR-2025-2734)* would lift defence spending to 3% of GDP and has been included as a specific commitment .

The Coalition also stated a policy for taxation receipts to not exceed 23.9% of GDP. This has not been included as a specific commitment but taken into account when considering the aggregate impact of the party's commitments, and is shown in the charts illustrating the medium term impact of the party's commitments.

The tax cap was applied by calculating the total impact of all individual election commitments on tax receipts. The total impact of election commitments was then added to the PEFO baseline and converted to a share of GDP.

This final tax impact is compared to the target cap for the tax-to-GDP ratio and, where tax receipts are above the target, the excess is deducted to ensure tax receipts stay at the target level. No adjustments are made where tax receipts remain below the target cap. The impact of the tax cap is assumed to affect tax receipts (cash) and revenue (accrual) equally.

The Australian Greens commitment, to ensure that 1% of the Federal Budget goes towards nature, was assessed to have no financial impact as the threshold would be met through existing expenditure and new party commitments.

Adjusting for an estimate of the PDI impact of the entire platform

The total impact of each party's platform includes an estimate of the total PDI impact. This total PDI impact takes into account the PDI impacts already included in a small number of individual policy costings. PDI impacts of policies are always presented in individual PBO costing documents. However, they are only included in the costs of the policy if it is an explicit policy objective to impact the level of interest payments or the policy involves transactions of financial assets (such as loan schemes, equity investments or guarantees).

In these cases, the PDI impact is included in the budget aggregates in Table 1 and Attachment A of the costing minute. In all other cases, PDI is included in the costing minute as a separate memorandum item in Attachment A. The aggregate impacts for each party in the ECR include the PDI impacts for all individual costings.

Calculating gross debt and net debt

The ECR includes an estimate of the total impact of each party's platform on gross and net debt.

Gross debt is the total borrowing by government.¹² Commitments that increase government borrowing also increase gross debt, and vice-versa. For most costings, the impact on gross debt is simply determined by the cumulative impact of the headline cash balance (including public debt interest). This is demonstrated in Table E-3.

¹² Historical outcomes and future estimates for gross debt, also called 'Australian Government Securities on issue', may be found in the PBO's *Historical fiscal data*, and in Table 10.5 of 2025-26 Budget Paper 1, Table 10.5.

Table E-3: Example calculation of gross debt (\$ billion)

	2025-26	2026-27	2027-28	2028-29
Headline cash balance (HCB)	1,000	1,100	1,200	1,300
Public debt interest (PDI)	20	60	110	160
Total (HCB + PDI)	1,020	1,160	1,310	1,460
Gross debt	1,020	2,180	3,490	4,950

The impacts on gross debt also include election commitments that involve deposits or withdrawals from government investment funds. These transactions do not change the headline cash balance because no money leaves the general government sector, but they still affect gross debt.¹³

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans, and other borrowings) less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans, and placements). It is a common measure of the strength of a government's financial position.

Net debt does not include the value of government equity investments, such as ownership of public corporations (for example, the National Broadband Network, Australia Post and the Australian Rail Track Corporation) and the holdings of shares within investments directly held by government investment funds (for example, the Future Fund).

The impact of election commitments on net debt is calculated as the cumulative sum of the fiscal balances, similar to the method for gross debt, with adjustments for commitments that affect equity investments.¹⁴

Why might the PBO's budget aggregates differ from those presented by parties before the election?

There are 3 key reasons why the budget aggregates presented in this report may differ from those presented by parties in their election commitment documents.

1. The PBO's list of individual election commitments may differ from those presented by parties.
2. There may be differences between the PBO's and party's costings for individual commitments, including assessments of the impact of interactions between commitments.
3. The PBO's estimates of the overall impact of party commitments on PDI payments may be different.

Any differences arising from the first 2 sources are discussed in the *Major party election commitments* and party sections of the report.

¹³ These transactions are referred to in financial statements as 'net cash flows in financial assets for liquidity purposes'.

¹⁴ Gross debt is valued as the face value of government securities while net debt is valued at market prices. Our costings assume that new government securities are issued 'at par', with no discount or premium, such that the face value and market values are identical.

Each of these calculations depends on the final election platform announced by parties which is determined after final costings for individual components against the PEFO baseline have been provided.

More broadly, differences will arise due to updated economic and fiscal parameters included in the PEFO baseline (only available in the caretaker period), and any other fiscal updates that occur after the party may have sought a confidential costing of its proposals.

When completing costings for the ECR, the PBO also takes the opportunity to review the models, assumptions and methodology underlying each costing. This includes taking account of government policy decisions in the baseline, new data or to address identified errors or changes in modelling approaches. This may also be a source of difference in the aggregate estimates.