

APPENDIX C – PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT¹

Name of policy	First Home Loan Deposit Scheme
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	12 May 2019
Date of request to cost the policy:	13 May 2019
Summary of policy (please attach copies of relevant policy documents):	<p>The Coalition will establish the First Home Loan Deposit Scheme which will help first home buyers get access to a home earlier through providing support if they do not have a 20 per cent deposit.</p> <p>The Scheme will be run by the National Finance and Housing Investment Corporation (NHFIC).</p> <p>The Coalition will make an equity investment of \$500 million to 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>
Intention of policy:	<p>To help low and middle income first home buyers, who can afford to support a mortgage, access to a loan faster than they would if they had to save a 20 per cent deposit.</p> <p>It also will enable NHFIC to leverage its operations to provide data and insights to the Government regarding the demand for and supply of residential housing.</p>
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office	This, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office

¹ An electronic version of this pro-forma can be found at www.electioncostings.gov.au/templates.

Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)

What are the key assumptions that have been made in the policy including:

Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No.
Where relevant, is funding for the policy to be demand driven or a capped amount?	Capped
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No
Are there associated savings, offsets or expenses? If yes, please provide details.	No

Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)

**What are the key assumptions that have been made in the policy including:
(continued)**

Does the policy relate to a previous budget measure? If yes, which measure?	The policy will complement the First Home Super Saver Scheme which allows first home buyers to leverage the superannuation system to save for a home deposit. This was announced in the 2017-18 Budget and commenced on 1 July 2017.
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? Will funding/cost require indexation? If yes, list factors used.	Not applicable

<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The \$500 million equity investment will be made in 2019-20.</p> <p>It is expected that this investment will not have a direct impact on underlying cash, but will result in an increase of public debt interest that is expected to be more than offset by investment returns derived from NHFIC.</p> <p>The additional funding for NHFIC to establish and administer the Scheme has the following impact on underlying cash:</p> <p>\$4.0 million in 2019-20 \$7.0 million in 2020-21 \$7.0 million in 2021-22 \$7.0 million in 2022-23</p>
<p>Are the revenue and/or expense costs likely to be significantly different beyond the forward estimates period? If yes, why?</p>	<p>No.</p>
<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>	<p>Not applicable.</p>
<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	<p>No</p>
<p>What is the expected community impact of the policy? How many people or businesses will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	<p>The policy is expected to have a positive impact on low to medium income earners now able to purchase their first home in circumstances where they have not saved a 20 per cent deposit.</p> <p>The Scheme will be capped to 10,000 per annum.</p> <p>This is based on the performance of other schemes with similar characteristics in both Australia and overseas.</p>
<p>NOTE: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.</p>	

Administration of policy	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	National Housing Finance and Investment Corporation
Should departmental expenses associated with this policy be included in this costing? If no, will the Australian Government Entity be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).	No Department of the Treasury to absorb any associated departmental operating or capital expenses in excess of the additional funding.
Intended date of implementation.	1 January 2020
Are there transitional arrangements associated with policy implementation?	No
Will the policy be ongoing or terminating*?	Ongoing.
If terminating: What is the intended date of termination? Are there any transitional arrangements associated with the conclusion of the policy?	Not applicable
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	Not applicable
Are there any other assumptions that need to be considered?	No

* 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.