

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

Name of policy	Protected Mobile Fires Project (LAND 8112)
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	14 May 2019
Date of request to cost the policy:	14 May 2019
Summary of policy (please attach copies of relevant policy documents):	<p>The Coalition will bring forward acquisition of the Defence project Protected Mobile Fires (LAND 8112) to enable Second Pass consideration in March 2023, with completion of the acquisition in 2027-28.</p> <p>The project will incorporate an Australian assembly and integration centred on Geelong, with ammunition sourced from the current ADF family of munitions as part of the Future Artillery Ammunition Contract.</p> <p>Acquisition is currently programmed in the Defence Integrated Investment Program (DIIP) to commence in the 2030s.</p>
Intention of policy:	<p>The acquisition of a self-propelled howitzer artillery system – able to fire rapidly and precisely at very long range.</p> <p>Support for Australia’s defence industry and local jobs centred on Geelong.</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
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

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

<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy?</p> <p>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p>	<p>No</p>
<p>Are there associated savings, offsets or expenses?</p> <p>If yes, please provide details.</p>	<p>No</p> <p>Additional funding will be provided to the Department of Defence, through the Defence Integrated Investment Program, to bring forward acquisition of the project.</p>
<p>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)</p> <p>What are the key assumptions that have been made in the policy including:</p> <p>(continued)</p>	
<p>Does the policy relate to a previous budget measure?</p> <p>If yes, which measure?</p>	<p>No</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? Will funding/cost require indexation?</p> <p>If yes, list factors used.</p>	<p>Not applicable</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The following additional funding will be provided to the Department of Defence for acquisition:</p> <p>\$7 million in 2020-21</p> <p>\$7 million in 2021-22</p> <p>\$100 million in 2022-23</p> <p>\$950 million between 2023-24 and 2027-28</p> <p>An additional \$400 million will be provided to the Department of Defence between 2024-25 and 2029-30 for sustainment.</p> <p>Cash basis</p>
<p>Are the revenue and/or expense costs likely to be significantly different beyond the forward estimates period? If yes, why?</p>	<p>Outlined above.</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>LAND 8112 will leveraging work from LAND 17 Phase 1C, which has been costed on a timetable that would enable a Second Pass decision in March 2023;</p> <p>Initial Operating Capability: 2024-25. Final Operating Capability: 2027-28.</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>This project will deliver 30 self-propelled howitzer artillery systems to complement Army’s existing M777 towed artillery capability, as well as supporting systems.</p> <p>Assembly and integration of these new capabilities will be undertaken in a new facility to be constructed in Geelong, creating up to 350 Australian jobs. It will draw on an Australian supply chain, supporting the production and then ongoing maintenance of this important land capability.</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.)?	Department of Defence
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 Defence to absorb any associated departmental operating or capital expenses.
Intended date of implementation.	1 July 2019
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.