



Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2022 ELECTION COMMITMENT COSTING

Name of proposal costed: Freezing Deeming Rates for Two Years	
Costing Identifier:	COA 020
Summary of costing:	The proposal is to maintain the current lower deeming rate for social security payment recipients at 0.25 per cent for financial investments up to \$53,600 for single recipients and \$89,000 for recipient couples, and the upper deeming rate at 2.25 per cent on investment assets over the amount of \$53,600 or \$89,000 respectively until 30 June 2024.
Ongoing or Terminating (including date)^(a)	Terminating on 30 June 2024.
Person making the request:	Prime Minister.
Date costing request received:	10 May 2022.
Date of public release of policy:	4 May 2022.
Date costing completed:	16 May 2022.
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) 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.

Financial implications (outturn prices)^(b)

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Underlying Cash Balance (UCB) (\$m)	0.00	0.00	0.00	0.00	0.00
Fiscal Balance (\$m)	0.00	0.00	0.00	0.00	0.00

(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 positive number for the UCB indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

As specified in the costing request, the Department of Social Services would absorb the associated departmental costs.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Where relevant, include an explanation of the medium-term implications of the proposal.^(c)

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period. The medium term is considered to be the 7 years after the current forward estimates.

Background information

Costing methodology used:

The 2022-23 Budget forward estimates assume that deeming rates for social security payment recipients will be maintained at their current levels (0.25 per cent for financial investments up to \$53,600 for single recipients and \$89,000 for recipient couples and the upper deeming rate at 2.25 per cent on investment assets over the amount of \$53,600 or \$89,000 respectively). As the forward estimates do not contain assumptions around potential changes to deeming rates, the policy to freeze deeming rates for the next two years would have nil financial impact on the current forward estimates.

Policy parameters

Deeming rates determine the income of social security payment recipients who earn money through financial assets. It assumes these investments earn a fixed amount regardless of what they actually earn.

Behavioural assumptions used (as appropriate):

Not applicable.