

PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT¹

Name of policy	Agency Resourcing
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	17 May 2022.
Link to the publicly released policy:	https://www.liberal.org.au/our-plan-responsible-economic-management
Date of request to cost the policy:	17 May 2022.
Summary of policy (please attach copies of relevant policy documents):	<p>The Coalition will:</p> <ul style="list-style-type: none"> ● ensure value for money remains a focus in the Australian Public Service by returning the Efficiency Dividend on departmental funding to 2 per cent for three years from 2022-23 to 2024-25, stepping down to 1.5 per cent in 2025-26 and returning to the base rate of 1 per cent in 2026-27; and ● improve an imbalance that exists between employer contributions made on behalf of Public Sector Superannuation scheme members and the corresponding cost for the superannuation entitlements accrued by their employees who are scheme members by increasing the employer contribution rate to 20 per cent.

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

	<p><u>Element 1</u></p> <p>The Coalition will return the Efficiency Dividend on departmental funding to 2 per cent for three years from 2022-23 to 2024-25, stepping down to 1.5 per cent in 2025-26 and returning to the base rate of 1 per cent in 2026-27.</p> <p>All existing exemptions that currently apply to the Efficiency Dividend and Efficiency Dividend extension outlined in the 2019-20 MYEFO will continue to apply. As well, further exemptions to this policy will apply to Emergency Management Australia and the recently created National Recovery and Resilience Agency.</p> <p><u>Element 2</u></p> <p>The Coalition will change the Employer Contribution Rate charged to agencies for the Public Sector Superannuation (PSS) scheme to 20 per cent, with the increase in funds paid to the Commonwealth Superannuation Corporation returned to the Consolidated Revenue Fund.</p> <p>There are no changes to the employer contribution rates for any other Commonwealth defined benefit schemes, such as the Commonwealth Superannuation Scheme or the military schemes, and there are no impacts on either employee contributions or superannuation entitlements.</p>
<p>Intention of policy:</p>	<p>To ensure value for money remains a focus in the Australian Public Service and to better reflect the cost to agencies of the superannuation entitlements that are being accrued by their employees in the PSS scheme.</p>

<p>Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office:</p>	<p>No this or a substantially similar costing request has not been submitted to the Parliamentary Budget Office.</p>
<p>Description of policy (<i>note: 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</i>)</p> <p>What are the key assumptions that have been made in the policy including:</p>	
<p>Is the policy part of a package? <i>If yes, list and outline components and interactions with proposed or existing policies.</i></p>	<p>No.</p>
<p>Where relevant, is funding for the policy to be demand driven or a capped amount?</p>	<p>Not applicable.</p>
<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? <i>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</i></p>	<p>No.</p>
<p>Are there associated savings, offsets or expenses? <i>If yes, please provide details.</i></p>	<p>Not applicable.</p>
<p>Description of policy (<i>note: 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</i>)</p> <p>What are the key assumptions that have been made in the policy including: (continued)</p>	
<p>Does the policy relate to a previous budget measure? <i>If yes, which measure?</i></p>	<p>Yes this policy builds on the 2019-20 MYEFO measure <i>Election commitment – Efficiency Dividend – Extension.</i></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? <i>If yes, list factors used.</i></p>	<p>Not applicable.</p>

<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>This policy results in payment saves of:</p> <p><u>Element 1</u></p> <p>2022-23 \$318.1 million</p> <p>2023-24 \$561.4 million</p> <p>2024-25 \$835.3 million</p> <p>2025-26 \$956.8 million</p> <p><u>Element 2</u></p> <p>2022-23 \$177.9 million</p> <p>2023-24 \$167.7 million</p> <p>2024-25 \$158.2 million</p> <p>2025-26 \$148.7 million</p> <p>Cash basis</p>
<p>Are the revenue and/or expense costs likely to be significantly different beyond the forward estimates period?</p> <p><i>If yes, why?</i></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><u>Element 1</u></p> <p>The Coalition will return the Efficiency Dividend on departmental funding to 2 per cent for three years from 2022-23 to 2024-25, stepping down to 1.5 per cent in 2025-26 and returning to the base rate of 1 per cent in 2026-27.</p> <p>All existing exemptions that currently apply to the Efficiency Dividend and Efficiency Dividend extension outlined in the 2019-20 MYEFO will continue to apply. As well, further exemptions to this policy will apply to Emergency Management Australia and the recently created National Recovery and Resilience Agency.</p> <p><u>Element 2</u></p> <p>The Coalition will change the Employer Contribution Rate charged to agencies for the Public Sector Superannuation (PSS) scheme to 20 per cent, with the increase in funds paid to the Commonwealth Superannuation Corporation returned to the Consolidated Revenue Fund.</p> <p>There are no changes to the employer contribution rates for any other Commonwealth defined benefit schemes, such as the Commonwealth Superannuation Scheme or the military schemes, and there are no impacts on either employee contributions or superannuation entitlements.</p>
<p>Has the policy been costed by a third party? <i>If yes, can you provide a copy of this costing and its assumptions?</i></p>	<p>No.</p>

<p>What is the expected community impact of the policy?</p> <p>How many people or businesses will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	Not applicable.
<p><i>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.</i></p>	
<p>Administration of policy</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?</p>	Department of Finance.
<p>Should departmental expenses associated with this policy be included in this costing?</p> <p>If no, will the Australian Government Entity be expected to absorb expenses associated with this policy?</p> <p>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).</p>	<p>No. The Department of Finance are to absorb any associated departmental operating or capital expenses in applying this policy.</p> <p>Not applicable.</p>
<p>Intended date of implementation.</p>	1 July 2022.
<p>Are there transitional arrangements associated with policy implementation?</p>	No.
<p>Will the policy be ongoing or terminating*?</p>	<p><u>Element 1</u></p> <p>Terminating on 30 June 2026, although the effect of the policy will result in an ongoing reduction to departmental funding.</p> <p><u>Element 2</u></p> <p>Ongoing.</p>
<p>If terminating:</p> <p>What is the intended date of termination?</p> <p>Are there any transitional arrangements associated with the conclusion of the policy?</p>	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.