



Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2022 ELECTION COMMITMENT COSTING

Name of proposal costed: Rural Health and Medical Training, Far North Queensland	
Costing Identifier:	COA 037
Summary of costing:	<p>The proposal is to provide \$25 million over four years from 2022-23 to improve rural health care in Far North Queensland, including:</p> <ul style="list-style-type: none">• an additional 20 Commonwealth Supported Places (CSPs) per year from 2023 for three years for medicine at James Cook University; and• support for the education, training and placement of doctors in hospitals in Far North Queensland through the North Queensland Primary Health Network (NQPHN).
Ongoing or Terminating (including date)^(a)	Terminating on 30 June 2026.
Person making the request:	Prime Minister.
Date costing request received:	17 May 2022.
Date of public release of policy:	16 May 2022.
Date costing completed:	19 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)	0.0	-3.4	-6.3	-7.1	-8.2
Fiscal Balance (\$m)	0.0	-3.4	-6.3	-7.2	-8.3

(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.

The proposal has been costed as a specified amount.

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

The proposal would result in an increase in loans under the Higher Education Loan Program (HELP). Students repay their loans over time once their income reaches a minimum threshold.

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Expense (\$m)	0.0	-3.4	-6.3	-7.2	-8.3
Revenue (\$m)	0.0	0.0	0.0	0.0	0.1

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 Health and the Department of Education, Skills and Employment 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)

The final cohort of additional CSPs commence in 2025. Assuming a five-year degree length and no attrition, expenses continue for those places until 2029. Additionally, there are ongoing estimated revenue impacts as a result of repayments of HELP loans. The proposal is expected to have a negative impact on UCB of \$1.9 million in 2026-27, \$1.6 million in 2027-28, \$1.0 million in 2028-29 and \$0.3 million in 2029-30.

(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 costing is based on the costing methodology of the 2022-23 Budget measure, *Build on the Government's Investment in Rural Medical Training* and assumes that after three years, the number of commencing CSPs would return to the current allocation.

Costs for the CSPs were derived using the Commonwealth Grant Scheme and Higher Education Loan Program estimates models.

The costing assumes:

- that this is a specified amount of funding and that the 20 CSPs are annual commencements for three years after which the number of commencements will return to existing levels.
- funding for the support for the NQPHN is provided within the overall funding envelope.

The profile for the Department of Education, Skills and Employment will be:

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Underlying Cash Balance (UCB) (\$m)	0.0	-0.3	-0.9	-1.5	-1.9
Fiscal Balance (\$m)	0.0	-0.3	-0.9	-1.6	-2.0

The profile for the Department of Health will be:

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Underlying Cash Balance (UCB) (\$m)	0.0	-3.1	-5.4	-5.6	-6.3
Fiscal Balance (\$m)	0.0	-3.1	-5.4	-5.6	-6.3

Behavioural assumptions used (as appropriate):

It is assumed that all commencing students will finish their degree.