

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

| Name of policy | Farm Household Allowance – permanent increase to asset threshold |
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| Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party): | Prime Minister |
| Date of public release of policy: | 27 April 2019 |
| Date of request to cost the policy: | 9 May 2019 |
| Summary of policy (please attach copies of relevant policy documents): | The Coalition will permanently increase the Farm Household Allowance (FHA) asset threshold test from \$2.6 million to \$5.0 million. |
| Intention of policy: | Make the \$5 million farm asset threshold permanent to ensure the FHA is even more accessible. |
| 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? | Demand driven |
| 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? | No |

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

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| If yes, please provide details. | |
| <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: (continued)</p> | |
| <p>Does the policy relate to a previous budget measure?</p> <p>If yes, which measure?</p> | <p>At 2018-19 MYEFO, the FHA asset threshold test was temporarily increased from \$2.6 million to \$5.0 million in 2018-19.</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>No</p> |
| <p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p> | <p>\$2.5 million in 2019-20 \$6.7 million in 2020-21 \$11.2 million in 2021-22 \$16.0 million in 2022-23 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>No</p> |

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| <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>The increase in the asset threshold test is assumed to affect an additional 30 new FHA recipients annually from 2019-20. As a recipient can remain on FHA for four years, the cumulative effect of each new recipient would continue to increase the current recipient figure until it stabilises at 1,440 recipients in June 2023. Therefore, costs would increase until 2022-23, then would be ongoing at the 2023-24 figure, subject to indexation.</p> <p>The monthly payment rate is assumed to be \$941.65 per person per month, ongoing from July 2019-20 (indexed). This payment rate includes the cost of income support, reciprocal obligations, supplementary allowances and the Clean Energy Supplement. In addition, \$24,625 per month for each of the 30 new recipients would be provided for the Farm Financial Advice Supplement, and \$41.66 per month per recipient would also be provided for all recipients going into their 3rd and 4th year of the FHA.</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 will have a positive impact on the community by providing certainty to recipient farming households.</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 | |
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| Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)? | Department of Human Services |
| 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 Human Services 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.