



Australian Government  
Department of Finance  
The Treasury

## PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

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|---|---|
| <b>Name of proposal costed: Coalition's plan for access to affordable pathology for all Australians</b> |   |
| <b>Costing Identifier:</b>  | COA 002   |
| <b>Summary of costing:</b>  | This proposal would delay the introduction of the Pathology component of the 2015-16 MYEFO measure <i>Medicare benefits Schedule – changes to diagnostic imaging and pathology services bulk-billing incentives</i> until 1 October 2016, and commit to regulatory changes regarding charging of rent for pathology collection centres. |
| <b>Person making the request:</b>   | Prime Minister  |
| <b>Date costing request received:</b>   | 17/06/2016  |
| <b>Date of public release of policy:</b>  | 13/05/2016  |
| <b>Date costing completed:</b>  | 24/06/2016  |
| <b>Additional information requested (including date):</b>   | Not applicable.   |
| <b>Additional information received (including date):</b>  | Not applicable.   |

### Financial implications (outturn prices)<sup>(a)</sup>

| Impact on                     | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|-------------------------------|---------|---------|---------|---------|
| Underlying Cash Balance (\$m) | -28.1   | 0.0     | 0.0     | 0.0     |
| Fiscal Balance (\$m)          | -28.1   | 0.0     | 0.0     | 0.0     |

(a) 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 underlying cash balance 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.



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**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.**

\$4.3 million over four years in departmental funding was provided to the Department of Human Services for the Pathology component of the 2015-16 MYEFO measure. It is assumed that a three month delay in the implementation of this component would not generate a material change in departmental funding as the same level of departmental work will still be required to implement the measure.

**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).**

Not applicable.

## **Background information**

### **Costing methodology used:**

- **Costing techniques.**
  - Costs were calculated by adjusting the start date of the original savings measure by three months.
  - The Agreement reached by the Coalition with Pathology Australia also includes legislating to address ambiguities and improve compliance regarding the charging of 'fair market value' rents for pathology collection centres by landlords. It is assumed that any costs that would be incurred in relation to this element of the commitment, and any other administrative costs, would be met from within the existing resources of the Department of Health.

### **Behavioural assumptions used (as appropriate).**

The costing only impacts on bulk billing incentives paid directly to the service provider and no change in service volumes for pathology services is assumed.



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