



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

Name of proposal costed: Forest Plantation Loans	
Costing Identifier:	COA006
Summary of costing:	<p>The proposal is to change the Regional Investment Corporation's (RIC) operating mandate to allow it to lend to the forestry industry for plantation forestry development.</p> <p>These new loans would use the existing RIC loan facilities and administered funding, with loan terms to be developed with industry.</p>
Ongoing or Terminating (including date) ^(a)	Terminating 30 June 2022.
Person making the request:	Prime Minister.
Date costing request received:	9 May 2019.
Date of public release of policy:	2 May 2019.
Date costing completed:	14 May 2019.
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	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	0.0	0.0	0.0	0.0
Fiscal Balance (\$m)	0.0	0.0	0.0	0.0	0.0

(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 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.

The costing assumes that the new loans would be provided on a demand-driven basis, capped to the value of the administered funding available under existing RIC loan facilities (up to \$500.0 million in 2019-20; \$500.0 million in 2020-21; and \$500.0 million in 2021-22).

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.

Consistent with the costing request, the costing assumes that the RIC would absorb any associated operating or capital expenses.

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.

While the costing request advises the program is ongoing, Finance notes that the RIC's loan funding terminates on 30 June 2022. Finance therefore assumes that the program would terminate on 30 June 2022 as no RIC funding is available after that date.

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.

Background information

Costing methodology used:

Policy parameters

The costing is based on the assumption that:

1. the new loan product is offered under the same conditions as existing RIC loan products (currently loans up to \$2 million, 3.58 per cent variable interest rate and for a 10 year term); and
2. the RIC would absorb any associated operating or capital expenses.

Behavioural assumptions used (as appropriate).

Not applicable.