



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

| Name of proposal costed: Exempting Totally and Permanently Impaired pension recipients from allied health treatment cycle | |
|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Costing Identifier: | COA049 |
| Summary of costing: | <p>The proposal would exempt Totally and Permanently Impaired (TPI) pension recipients from the new allied health treatment cycle requirements that are due to commence on 1 July 2019.</p> <p>TPI veterans will continue to be able to access exercise physiology and physiotherapy allied health services under existing arrangements, which is an annual General Practitioner referral or an ongoing referral for chronic conditions.</p> |
| Ongoing or Terminating (including date) ^(a) | Ongoing |
| Person making the request: | Prime Minister |
| Date costing request received: | 9 May 2019 |
| Date of public release of policy: | 24 April 2019 |
| Date costing completed: | 15 May 2019 |
| Additional information requested (including date): | On 10 May 2019, Finance requested additional information regarding the treatment of departmental costs since an initial analysis of this costing indicated that the total cost of the policy commitment would be less than the estimated \$17.5 million included in the request. |
| Additional information received (including date): | On 11 May 2019, it was confirmed that departmental costs to implement this policy would be provided to the relevant department to the extent that the estimated cost of the policy does not exceed the funding profile outlined in the costing request. |

(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 | -4.5 | -3.9 | -4.3 | -4.8 |
| Fiscal Balance (\$m) | 0.0 | -4.7 | -3.9 | -4.3 | -4.8 |

(b) 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. A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. Totals may not add due to rounding.

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.

Where appropriate, include a range for the costing or sensitivity analysis.

The costing assumed that expenses associated with this proposal would be demand driven consistent with the existing program and have been estimated based on historic data.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

Consistent with the additional information received, the costing assumes that departmental costs of \$1.6 million would be provided to implement the proposal, including ICT changes.

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.

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.

This commitment is a cost as it partially reverses the 2018-19 Budget savings measure *Improved Dental and Allied Health*. The original measure included a net saving of \$40.7 million. This included gross savings of \$47.5 million as a result of changes to requirements relating to access to exercise physiology and physiotherapy services.

The commitment would reverse the 2018-19 Budget measure for an estimated 17,235 TPI recipients, but would not change the process for other DVA funded patients receiving exercise physiology and physiotherapy patients (an estimated 73,375 patients). TPI patients represent 23.5 per cent of DVA funded exercise physiology and physiotherapy patients.

The cost of the commitment has been estimated as a 23.5 per cent proportion of the original saving measure for 2019-20 to 2021-22. The 2022-23 cost estimate is based on linear growth. Expenditure costs have been indexed using Wage Cost Index 5.

Behavioral assumptions used (as appropriate).

Not applicable.