

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

Name of policy	Efficiency Dividend Extension
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	16 May 2019
Date of request to cost the policy:	16 May 2019
Summary of policy (please attach copies of relevant policy documents):	<p>The Coalition will continue the Efficiency Dividend at its current level of 2 per cent for a further two years to 2020-21, before stepping down to 1.5 per cent in 2021-22 and returning to the base rate of 1 per cent from 2022-23.</p> <p>All existing exemptions that currently apply to the Efficiency Dividend will continue to apply, including for agencies such as the ABC, SBS and Safe Work Australia.</p> <p>The current temporary exemption granted to the Australian Signals Directorate and Office of National Intelligence would be made ongoing and further exemptions will apply in relation to this Efficiency Dividend extension, including for:</p> <ul style="list-style-type: none"> • the National Disability Insurance Agency; • the Australian Securities and Investments Commission; • the Australian Prudential Regulation Authority; • National Collecting Institutions, including the Australian War Memorial, National Archives of Australia, National Gallery of Australia, National Library of Australia and National Museum of Australia; and • all agencies with an Average Staffing Level of below 200.
Intention of policy:	To ensure Government agencies continue to focus their efforts on achieving ongoing efficiencies in Government administration.
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

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

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:

<p>Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.</p>	<p>No</p>
<p>Where relevant, is funding for the policy to be demand driven or a capped amount?</p>	<p>Not applicable</p>
<p>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?</p>	<p>No</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>Not applicable</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)

**What are the key assumptions that have been made in the policy including:
(continued)**

<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>This policy extends the Efficiency Dividend at its current level of 2 per cent for a further two years to 2020-21, before stepping down to 1.5 per cent in 2021-22 and returning to the base rate of 1 per cent from 2022-23.</p> <p>All existing exemptions that currently apply to the Efficiency Dividend will continue to apply, the current temporary exemption granted to the Australian Signals Directorate and Office of National Intelligence would be made ongoing and further exemptions will apply in relation to this Efficiency Dividend extension as outlined above.</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? If yes, list factors used.</p>	<p>Not applicable</p>

<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>This policy is estimated to result in payment saves of:</p> <p>\$136 million in 2019-20</p> <p>\$379 million in 2020-21</p> <p>\$506 million in 2021-22</p> <p>\$493 million in 2022-23</p> <p>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>
<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 expected financial impact is based on applying the Efficiency Dividend extension to estimated departmental appropriations in each year of the forward estimates, adjusted for:</p> <ul style="list-style-type: none"> • all existing exemptions that currently apply to the Efficiency Dividend; • making the current temporary exemption granted to the Australian Signals Directorate and Office of National Intelligence ongoing; and • the additional exemptions to the Efficiency Dividend extension as outlined above.
<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?</p> <p>How many people or businesses will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	<p>To ensure Government agencies continue to focus their efforts on achieving ongoing efficiencies in Government administration.</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	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Department of Finance
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 Finance to absorb any associated departmental operating or capital expenses in applying this policy.
Intended date of implementation.	1 July 2019
Are there transitional arrangements associated with policy implementation?	No
Will the policy be ongoing or terminating*?	Terminating on 30 June 2022, although the effect of the policy will result in an ongoing reduction to departmental appropriations.
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.