



Australian Government  
Department of Finance  
The Treasury

## PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

<b>Name of proposal costed: Reduction in the Wage Subsidy Pool</b>	
<b>Costing Identifier:</b>	COA 052
<b>Summary of costing:</b>	The commitment is to achieve savings of \$254.4 million over the forward estimates by capping the amount of funding in the wage subsidy pool for wage subsidies other than PaTH (Prepare – Trial – Hire, announced as part of the Youth Employment Package in the 2016-17 Budget).
<b>Person making the request:</b>	Prime Minister
<b>Date costing request received:</b>	29/06/2016
<b>Date of public release of policy:</b>	28/06/2016
<b>Date costing completed:</b>	30/06/2016
<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)	57.2	66.5	65.6	65.1
Fiscal Balance (\$m)	57.2	66.5	65.6	65.1

(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.

The proposal has been costed at a specified saving amount of \$254.4 million over the Forward Estimates.

#### 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.**

As specified in the costing request, any departmental expenses including ICT costs relating to this commitment will be met from within the existing resources of the Department of Employment.

**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:**

The proposal will cap funding for wage subsidy pool for the wage subsidies other than PaTH at \$357.9 million over the forward estimates.

Consistent with the costing request, the costing assumes that wage subsidies other than the youth wage subsidies available under the PaTH program would be capped at a reduced level that is \$254.4 million less than the existing funding over the Forward Estimates.

Changes to the Wage Subsidy Pool will be as follows (in underlying cash impact terms):

	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	Total (\$m)
PaTH Wage Subsidies	-41.3	-76.6	-92.1	-88.3	-298.3
Other Wage Subsidies	-175.4	-146.6	-147.8	-142.4	-612.3
Reduction in Other Wage Subsidies	57.2	66.5	65.5	65.1	254.4
Revised Other Wage Subsidies (Capped)	-118.2	-80.1	-82.3	-77.3	-357.9
Total Revised Wage Subsidy Pool (PaTH and Capped others)	-159.5	-156.7	-174.4	-165.5	-656.1



The savings would be redirected to fully offset the costs of the Coalition's policies for Restoring Fairness and Transparency to Australian Workplaces (costing COA 028, \$54.4 million over four years) and the Regional Jobs package (costing CO A037, \$200.0 million over four years).



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