

## APPENDIX C – PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT<sup>1</sup>

Name of policy	Reduction in the Wage Subsidy Pool
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	28 June 2016
Date of request to cost the policy:	28 June 2016
Summary of policy (please attach copies of relevant policy documents):	The Coalition will make a reduction in the balance of the Wage subsidy pool.
Intention of policy:	This policy would achieve a reduction in the available balance of the Wage Subsidy Pool.
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office	This policy has not been submitted to the Parliamentary Budget Office.
<b>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)</b> <b>What are the key assumptions that have been made in the policy including:</b>	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No.
Where relevant, is funding for the policy to be demand driven or a capped amount?	The amount of funding in the wage subsidy pool for wage subsidies other than PaTH will be capped at a reduced level of \$254.4 million less than the existing funding over the forward estimates.
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?	No.
Are there associated savings, offsets or expenses? If yes, please provide details.	No.

<sup>1</sup> An electronic version of this pro-forma can be found at [www.electioncostings.gov.au/templates](http://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:**

**(continued)**

<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the programme? Will funding/cost require indexation? If yes, list factors used.</p>	<p>No.</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The estimated impact on the budget would be an improvement of \$254.4m over the forward estimates, with the following breakdown: 2016-17: \$57.2m 2017-18: \$66.5m 2018-19: \$65.6m 2019-20: \$65.1m</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>	<ul style="list-style-type: none"> <li>• The amount of funding in the wage subsidy pool for wage subsidies other than PaTH will be capped at a reduced level.</li> <li>• The base population for wage subsidies have been based on the 2015-16 Budget commencements and adjusted for policy changes and parameter updates until 2016-17 Budget.</li> <li>• The proportions of the base population (at six months in jobactive) used for estimating wage subsidy expenses are based on actual jobactive caseload data as at February 2016 (i.e. eight months of actual data).</li> <li>• It assumes that all departmental costs including ASL and ICT costs as a result of this change will be absorbed by the Department of Employment.</li> </ul>
<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 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>\$200 million will be redirected to pay for the Government's Regional Jobs Package (refer to COA037).</p> <p>The Government's Regional Jobs package will support regional communities impacted by a downturn in mining, falling commodity prices and changes to manufacturing transition to take advantage of new opportunities for sustainable jobs and local investment.</p> <p>\$54 million will be redirected toward the Coalition's policy for Restoring Fairness and Transparency to Australian Workplaces (COA028).</p>
<p><b>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.</b></p>	

<b>Administration of policy</b>	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	The Department of Employment
Should departmental expenses associated with this policy be included in this costing? If no, will the Department 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 programme management (by policy agencies) and additional transactions/processing (by service delivery agencies).	N/A
Intended date of implementation.	As soon as practicable in 2016-17.
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No.
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	N/A
Are there any other assumptions that need to be considered?	No.