



**Parliament of Australia**  
**Parliamentary Budget Office**

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

Senator Richard Di Natale  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Managing Chronic Disease* (letter of 28 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.pbo.gov.au)).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016



## Policy costing—during the caretaker period for the 2016 general election

<b>Name of proposal:</b>	<b>Managing Chronic Disease</b>
Summary of proposal:	<p>The proposal would develop risk profiles, template management plans, funding recommendations and administrative and reporting systems to support a new chronic disease management system involving enrolment with general practitioner (GP) practices and payments to doctors for ongoing management and care.</p> <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016 <a href="http://greens.org.au/primary-care">http://greens.org.au/primary-care</a>
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Additional information requested (including date):	On 29 July 2016 the Parliamentary Budget Office sought clarification on the start date of this proposal.
Additional information received (including date):	On 29 July 2016 the office of Senator Di Natale confirmed that this proposal would have effect from 1 July 2017.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

## Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$11.9 million over the 2016-17 Budget forward estimates period. This entirely reflects an increase in departmental expenses.

The proposal would not have financial implications beyond the 2016-17 Budget forward estimates period as the program would terminate in 2018-19. The funding represents a one-off expense to develop a framework to support the implementation of an ongoing scheme for the management of chronic disease<sup>1</sup>.

The costing is considered to be of low reliability due to the uncertainty of the scope of the proposed program.

**Table 1: Financial implications (outturn prices)<sup>(a)(b)</sup>**

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-5.9	-5.9	-	<b>-11.9</b>
Underlying cash balance	-	-5.9	-5.9	-	<b>-11.9</b>

(a) A positive number represents an increase in the relevant budget balance, a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

## Key assumptions

It was assumed that the proposal would take two years to complete.

## Methodology

The departmental expenses associated with this proposal were calculated based on expected additional administrative activities required to implement the specified functions.

## Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

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<sup>1</sup> The financial impact of the proposed ongoing scheme has been costed by the PBO in the following two caretaker period costings: GRN046 *Implementing Primary Health Care*, and GRN047 *Primary Health Networks – Funding*.