



Parliament of Australia
Parliamentary Budget Office

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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, *Empowering and supporting Aboriginal and Torres Strait Islander peoples* (letter of 29 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

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

Yours sincerely

Phil Bowen

30 June 2016



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

Name of proposal:	Empowering and supporting Aboriginal and Torres Strait Islander peoples
Summary of proposal:	<p>The proposal is comprised of four components.</p> <p><u>Component 1: Sovereignty and Treaty</u></p> <ul style="list-style-type: none">• This component would provide grants of \$15 million (not including administration costs) per year over two years to Aboriginal and Torres Strait Islander (ATSI) individuals, organisations and communities, for projects to advance the conversation on sovereignty and treaty. <p><u>Component 2: Implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)</u></p> <ul style="list-style-type: none">• This component would support the domestic implementation of the UNDRIP, through:<ul style="list-style-type: none">- A comprehensive National Action Plan to provide a roadmap for implementing the UNDRIP into Australian law and policy making- \$20 million in grants over the forward estimates, for non-government organisations to facilitate participation in the National Action Plan, and help raise community awareness. <p><u>Component 3: Offset Coalition Cuts</u></p> <ul style="list-style-type: none">• This component would provide additional funding to offset Coalition cuts, including:<ul style="list-style-type: none">- \$15 million over four years for the National Congress of Australia’s First Peoples starting in 2017-18 (excluding departmental costs)- \$556 million over four years (excluding departmental costs) in additional funding for the Indigenous Advancement Strategy.

	<p><u>Component 4: Implement <i>Blueprint for Change</i></u></p> <ul style="list-style-type: none"> • This component would implement key recommendations from the Change the Record Campaign's <i>Blueprint for Change</i>, specifically: <ul style="list-style-type: none"> - Funding the public service to develop a national, whole of government strategy to address imprisonment and violence rates - A national target, based on a national agreement and sub-targets (to be agreed with states and territories, with funding as required for negotiations) - Funding for the Department of the Prime Minister and Cabinet (PM&C) to work with Commonwealth and state and territory agencies to improve data collection on ATSI incarceration - Funding for an independent review of laws, policies and strategies aimed at and related to ATSI improvement and violence rates, underpinned by a human rights approach - \$40 million in grants funding over four years (\$10 million per year starting in 2017-18, capped excluding departmental costs) for projects to help reduce the rate of incarceration. <p>The intended date of implementation of this proposal is 1 September 2016, unless otherwise specified above.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	29 May 2016 http://greens.org.au/atsi
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$790.6 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$655.5 million and an increase in departmental expenses of \$135.1 million over this period.

The proposal would not have an ongoing financial impact beyond the 2016-17 Budget forward estimates period except for the proposed \$10 million per year in grants funding under component 4 (implement *Blueprint for Change*) in 2020-21.

Detailed financial implications of this proposal, including details about each component, are provided at [Attachment A](#).

The departmental expense estimates in this costing are considered to be of high reliability as they are based on the costs of similar programs.

The administered expense estimates in this costing are considered to be of high reliability as the amounts are as specified in the request. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-194.5	-210.0	-194.5	-191.4	-790.6
Underlying cash balance	-194.5	-210.0	-194.5	-191.4	-790.6

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

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

Key assumptions

It has been assumed that the implementation of the *Blueprint for Change* strategy would be undertaken over a three year period.

Methodology

Administered expense estimates for programs are as specified in the request. Departmental expense estimates are based on other like programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

- The Department of Finance provided indexation and efficiency dividend parameters in the 2016 Pre-Election Economic and Fiscal Outlook.
- Budget 2014-15, Budget Paper No.2.

Attachment A: Empowering and supporting Aboriginal and Torres Strait Islander peoples – financial implications

Table A1: Empowering and supporting ATSI peoples—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-160.5	-175.5	-160.5	-159.0	-655.5
Departmental	-34.0	-34.5	-34.0	-32.4	-135.1
Total	-194.5	-210.0	-194.5	-191.4	-790.6

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

Table A2: Component 1: Sovereignty and treaty—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-15.0	-15.0	-	-	-30.0
Departmental	-0.5	-0.5	-	-	-1.0
Total	-15.5	-15.5	-	-	-31.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.

Table A3: Component 2: Implement the UNDRIP—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Expense					
Administered	-5.0	-5.0	-5.0	-5.0	-20.0
Departmental	-0.3	-0.3	-0.3	-0.3	-1.3
Total	-5.3	-5.3	-5.3	-5.3	-21.3

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

Table A4: Component 3: Offset Coalition cuts—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered expense	-139.0	-144.0	-144.0	-144.0	-571.0
<i>National Congress of Australia's First Peoples</i>	-	-5.0	-5.0	-5.0	-15.0
<i>Indigenous Advancement Strategy</i>	-139.0	-139.0	-139.0	-139.0	-556.0
Departmental expense	-32.0	-32.0	-32.0	-32.0	-128.0
<i>Indigenous Advancement Strategy</i>	-32.0	-32.0	-32.0	-32.0	-128.0
Total	-171.0	-176.0	-176.0	-176.0	-699.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.

Table A5: Component 4: Implement *Blueprint for Change*—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered expense	-1.5	-11.5	-11.5	-10.0	-34.5
<i>Independent review of laws, policies and strategies</i>	-1.5	-1.5	-1.5	-	-4.5
<i>Grants for projects to help reduce incarceration rate</i>	-	-10.0	-10.0	-10.0	-30.0
Departmental expense	-1.2	-1.7	-1.7	-0.1	-4.9
<i>Whole of Government strategy, negotiations for a national target, improved data collection – PM&C</i>	-1.2	-1.6	-1.6	-	-4.5
<i>Grants for projects to help reduce incarceration rate – PM&C</i>	-	-0.1	-0.1	-0.1	-0.4
Total	-2.7	-13.3	-13.3	-10.1	-39.4

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.