



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, *Helping Older Australians* (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:	Helping Older Australians
Summary of proposal:	<p>The proposal has a number of components aimed at improving support for older Australians.</p> <p>Details for each component are at Attachment A.</p> <p>The proposal would commence in the 2016-17 financial year.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	<p>21 June 2016</p> <p>http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-support-older-australians; http://greens.org.au/olderaustralians.</p> <p>Palliative care component announced 27 May 2016</p> <p>http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-palliative-care-package-ensure-support-when-it-matters-most.</p>
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 \$486.8 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$472.9 million and an increase in departmental expenses of \$13.9 million over this period. A detailed breakdown of the financial implications for the 2016-17 Budget forward estimates period is at [Attachment B](#).

The component of the proposal related to increasing access to Stream B of *jobactive* would have ongoing financial implications beyond the 2016-17 Budget forward estimates period, with the impact to the budget being a decrease in both the fiscal and underlying cash balances of around \$120 million per year. All other components of the proposal would not be expected to have an impact beyond the 2016-17 Budget forward estimates period as they would terminate on 30 June 2020.

The costing is considered to be of medium to high reliability. The components of the proposal which have specified capped funding amounts are of high reliability. A small proportion of the financial impact relates to stakeholder and inter-jurisdiction policy development. The estimated departmental costs for these components are of medium reliability. The estimates relating to the *jobactive* demand driven administered expenditure estimates are of medium reliability as they involve a degree of uncertainty regarding changes in job seeker numbers.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-55.8	-107.5	-151.5	-172.1	-486.8
Underlying cash balance	-55.8	-107.5	-151.5	-172.1	-486.8

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

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

Key assumptions

- The Parliamentary Budget Office (PBO) has not undertaken any analysis of whether or not the capped funding amounts are adequate to achieve the activities outlined.
- In costing the *jobactive* component, the number and age distribution of the job seekers in various support services of the *jobactive* program is assumed to remain unchanged.

Methodology

A number of components and sub-components of this proposal are for specified capped funding amounts. In relation to these items the PBO has determined, based on the description of the activities to be funded, whether the capped costs would be administered or departmental.

The demand driven administered expenditure estimates of component 2 were calculated using a *jobactive* costing model. Estimates reflect the increase in *jobactive* program costs from jobseekers moving to Stream B assistance from lower levels of assistance. There would be no departmental costs associated with this component as there would be no additional administrative burden as a result of these changes.

Departmental costs are based on similar activities and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- Labour Market and Related Payments March 2016 from the Department of Social Services.
- The jobactive costing model as from the Department of Employment.
- Department of Finance provided indexation parameters.

Attachment A: Helping Older Australians—proposal detail

The proposal includes seven components to improve support for older Australians:

- Component 1: Provide \$5 million over three years (2017-18 to 2019-20) for a national mature age worker strategy.
- Component 2: Allow individuals aged 45 and over who are currently eligible for lower levels of jobactive support to volunteer for Stream B from 1 July 2017.
- Component 3: Work across jurisdictions through the Council of Australian Governments (COAG) to remove any remaining legal barriers to mature age workers.
- Component 4: Provide \$4 million over two years (2016-17 and 2017-18) to develop a national aged care workforce strategy.
- Component 5: Provide additional funding and support for dementia commencing 1 September 2016, with funding to be spread over four years:
 - \$4.0 million for a National Dementia strategy
 - \$5.2 million for Dementia Friendly Communities
 - \$8.0 million for a Dementia Risk Reduction program
 - \$6.0 million for a Timely Diagnostic Initiative
 - \$20.0 million for Post Diagnostic Dementia Services and Supports
 - \$64.0 million for High Quality Ongoing Care and Support
 - \$8.8 million for End-of-Life Care
 - \$20.8 million for research.
- Component 6: Develop a national plan to work towards full consumer directed care as recommended by the Productivity Commission through consultation between public service agencies, peak bodies and sector stakeholders, commencing 1 September 2016.
- Component 7: Provide additional funding for palliative care, with funding to be spread over four years.
 - Provide \$15 million per year to states and territories for palliative care.
 - Develop a nationally consistent model legislation for advanced care planning through COAG.
 - Provide capped funding of \$5 million (including departmental costs) to Palliative Care Australia to develop a model for a National Cooperative for Palliative and End of Life Care.
 - Provide capped funding of \$10 million (including departmental costs) for a national awareness campaign.
 - Provide \$1 million in capped funding (including departmental costs) for research projects.

Attachment B: Helping Older Australians— financial implications

Table A1: Helping Older Australians—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					
<i>Administered</i>	-52.1	-102.7	-148.7	-169.3	-472.9
<i>Departmental</i>	-3.7	-4.8	-2.8	-2.8	-13.9
Total	-55.8	-107.5	-151.5	-172.1	-486.8

(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: Provide \$5 million over three years (2017-18 to 2019-20) for a national mature age worker strategy^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-	-1.7	-1.7	-1.7	-5.0
Total	-	-1.7	-1.7	-1.7	-5.0

(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 a nil value.

Table A3: Component 2: Allow individuals aged 45 and over who are currently eligible for lower levels of *jobactive* support to volunteer for Stream B support from 1 July 2017^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-50.6	-96.6	-117.2	-264.4
<i>Departmental</i>	-	-	-	-	-
Total	-	-50.6	-96.6	-117.2	-264.4

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

- Indicates a nil value.

Table A4: Component 3: Work across jurisdictions through the Council of Australian Governments (COAG) to remove any remaining legal barriers to mature age workers^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-0.2	-	-	-	-0.2
Total	-0.2	-	-	-	-0.2

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

- Indicates a nil value.

Table A5: Component 4: Provide \$4 million over two years (2016-17 and 2017-18) to develop a national aged care workforce strategy ^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-2.0	-2.0	-	-	-4.0
Total	-2.0	-2.0	-	-	-4.0

(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 a nil value.

Table A6: Component 5: Provide additional funding and support for dementia ^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-33.2	-33.2	-33.2	-33.2	-132.8
<i>Departmental</i>	-1.0	-1.0	-1.0	-1.0	-4.0
Total	-34.2	-34.2	-34.2	-34.2	-136.8

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

Table A7: Component 6: Develop a national plan to work towards full consumer directed care as recommended by the Productivity Commission ^{(a)(b)}

(\$m)	2016-17	2017-18	2018-19	2019-20	Total to 2019-20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-	-	-	-	-
<i>Departmental</i>	-0.2	-	-	-	-0.2
Total	-0.2	-	-	-	-0.2

(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 a nil value.

Table A8: Component 7: Palliative care ^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
<i>Administered</i>	-18.9	-18.9	-18.9	-18.9	-75.7
<i>Departmental</i>	-0.3	-0.1	-0.1	-0.1	-0.5
Total	-19.2	-19.0	-19.0	-19.0	-76.2

(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.