



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

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

Senator Christine Milne  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request titled *Protecting kids from junk food advertising* (letter of 14 August 2013).

The response to this request will be released on the PBO website (<http://aph.gov.au/pbo>).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

15 August 2013

## COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Protecting kids from junk food advertising
Summary of proposal:	<p>The proposal would restrict advertising of junk food to children by:</p> <ul style="list-style-type: none"> <li>• setting enforceable national standard times that would ban junk food ads on commercial television (TV) between 6am and 9am, and 4pm and 9pm on weekdays; between 6am and 12pm and 4pm and 9pm on weekends; and during school holidays,</li> <li>• banning junk food advertising at any time on pay television channels dedicated to children’s programming, and</li> <li>• preventing companies sending material promoting unhealthy foods to underage consumers using smartphones and emails.</li> </ul> <p>The intent of this policy is to improve the health of children by stopping them being bombarded with advertising for unhealthy food when they watch television.</p> <p>The proposal will have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens Party
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy	8 August 2013
Additional information requested (including date):	15 August 2013 – Clarification sought as to whether the costs of regulatory development should be included.
Additional information received (including date):	15 August 2013 – Senator Milne’s office advised that these costs should be included.
Agencies from which information was obtained:	Not applicable

### Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$1.8 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses. Funding for this proposal would be ongoing.

## POLICY COSTING – ELECTION CARETAKER PERIOD

Departmental costs of \$1.3 million have been included in this costing for the Australian Communications Media Authority (ACMA) for the additional work that would be involved in receiving, responding to, and investigating complaints regarding licence conditions, program standards and industry codes.

A breakdown of the components of this costing are included at Attachment A.

This costing is considered to be of medium reliability as the estimates are based on a previous measure published in the 2008-09 Budget and staffing costs were costed in line with workforce data from the ACMA 2011-12 Annual Report.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-1.1	-0.4	-0.3
Fiscal balance (\$m)	-	-1.1	-0.4	-0.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms

### Key assumptions

The PBO assumes the additional workload for the ACMA would be at its peak in the first year (2014-15) of the policy. Staffing costs for four additional full time equivalent (FTE) positions have been included in that year. This would be reduced by one FTE position per year to reflect both the development of corporate knowledge and best practice, and a gradual reduction in complaints. One FTE position per year would be ongoing from 2017-18 onwards.

In line with additional information provided on 15 August 2013, funding for the Australian National Preventative Health Agency (ANPHA) has been included to develop the definition of ‘junk food’ for regulatory purposes.

### Methodology

The estimate of departmental costs was calculated by distributing the number of FTEs in each year across relevant public service remuneration bands based on the profile of current staff at the ACMA.

The funding for ANPHA has been based on the measure *Health and Hospitals Reform – Preventative Health – National Preventative Health Strategy* from the 2008-09 Budget.

### Data sources

- ACMA Annual Report 2011-12.
- Budget Paper No. 2, 2008-09 Budget.

## POLICY COSTING – ELECTION CARETAKER PERIOD

### ATTACHMENT A: BREAKDOWN OF COSTS

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

Impact on	2013-14	2014-15	2015-16	2016-17
ACMA	-	-0.6	-0.4	-0.3
ANPHA	-	-0.5	-	-
Total	-	-1.1	-0.4	-0.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms

(b) There is no difference between underlying cash and fiscal balance.