



Parliament of Australia
Parliamentary Budget Office

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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, *Prefabricated housing* (letter of 4 September 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

5 September 2013



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Prefabricated housing
Summary of proposal:	<p>The proposal would invest \$50 million into a sustainable prefabricated modular housing industry package over five years. The package would provide support for research and development, innovation, excellence in design, skills and training, assistance establishing new production and manufacturing facilities, and demonstration projects.</p> <p>The intention of the proposal is to address the affordable housing crisis and create jobs by creating a new local prefabricated housing industry in WA's South West.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	2 September 2013
Additional information requested (including date):	On 5 September 2013, the PBO asked Senator Milne's Office to confirm whether departmental expenses would be met from within the capped funding amount or in addition to the funding amount.
Additional information received (including date):	On 5 September 2013, Senator Milne's Office responded to the PBO confirming that departmental expenses would be met within the capped amounts.
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$30 million over the 2013-14 Budget forward estimates period. This is entirely due to an increase in expenses.

The financial implications of this proposal extend beyond the forward estimates period with a financial impact of \$10 million in 2017-18 and in 2018-19, bringing the total cost of the proposal to \$50 million over five years.

POLICY COSTING – ELECTION CARETAKER PERIOD

As per the response from Senator Milne’s Office, any departmental expenses associated with this proposal are to be met from within the capped amount.

This costing is considered to be of high reliability as it is based on the capped amount and profile as specified in the costing request and subsequently through the additional information requested.

Table 1: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-10.0	-10.0	-10.0
Fiscal balance (\$m)	-	-10.0	-10.0	-10.0

(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.