



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Investing in Universities
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	9 July 2013 http://greensmps.org.au/sites/default/files/investing_in_the_future_fair_high_quality_education_policy_document.pdf
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The policy will: A. Increase by 10 per cent the per student base funding for universities as recommended by the Bradley Review into Higher Education; and B. Reverse Labor's \$2.3 billion higher education budget cuts.
What is the purpose or intention of the policy?	To boost higher education funding.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	Demand driven
Will third parties (for	No

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instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	
Are there associated savings, offsets or expenses? If yes, please provide details.	No
Does the policy relate to a previous budget measure? If yes, which measure?	Relates to the Government’s announced plans to reduce higher education funding by \$2.3 billion.
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	-
Will the funding/program cost require indexation? If yes, list factors to be used.	No

Expected impacts of the proposal

If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?

Estimated financial implications (outturn prices) ^(a)

PART A	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-82	-260	-458	-674
Fiscal balance (\$m)	-82	-260	-458	-674
PART B				
Underlying cash balance	-149.7	-532	-798.7	-872.8
Fiscal balance (\$m)	-148.4	-528.3	-800.2	-889.9

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<p>(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.</p>	
<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>	<p>See PBO costing.</p>
<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	<p>Yes, by the PBO on 7 June 2013 and 17 June 2013.</p>
<p>What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	<p>An improved higher education system – ending course and staff cuts, lower student-to-staff ratios, and a greater research capacity.</p>
<p>Administration of policy:</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?</p>	<p>The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education</p>
<p>Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	<p>Any Departmental costs should be absorbed.</p>
<p>Intended date of</p>	<p>1 January 2014 increasing funding</p>

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implementation.	2013/14 financial year for reversing the cuts
Intended duration of policy.	Ongoing.
Are there transitional arrangements associated with policy implementation?	As described in the policy document the 10 per cent increase in funding would be phased in from 2014 to 2017, applied at a rate of 2.5 per cent per calendar year from 1 January 2014.
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	NA
Are there any other assumptions that need to be considered?	No

NOTE:

Please note that:

- *The costing will be on the basis of information provided in this costing request.*
- *The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.*