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Unlegislated measures carried forward in the budget estimates— February 2017 update

An update of the projected impact of unlegislated measures
on current budget estimates and over the medium term

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Unlegislated measures carried forward in the budget estimates—February 2017 update

The Parliamentary Budget Office's February 2017 update of the impact of unlegislated measures carried forward in the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO) estimates presents the impact of unlegislated measures that are included in the current budget estimates and projections. It does not include new policy decisions announced in the 2016–17 MYEFO unless they amend existing unlegislated measures. It also does not include measures that are yet to be introduced or progressed in the Parliament.

Consistent with earlier publications, unlegislated measures are those measures from the 2014–15 Budget and subsequent updates that have failed to pass or require legislation that has not been passed by the announced start date.

The projected impacts of unlegislated measures carried forward in the 2016–17 MYEFO estimates on the fiscal balance is provided at Table 1. Their projected impact on the underlying cash balance is provided at Table 2.

Estimates in this update have been adjusted for changes in implementation timing from legislative delays, the impact of the legislation of measures, and changes to parameters and policies in the 2016–17 MYEFO.

Measures that have been implemented or reversed have been excluded from this update.

Unlegislated measures carried forward in the budget estimates—February 2017 update

Table 1: An update of the projected fiscal balance impact of unlegislated measures carried forward in the current 2016–17 MYEFO estimates over the medium term¹

Fiscal balance impact (\$ million)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27	Original measure
Expense measures														
Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds ^a	-	149	285	288	722	303	325	344	360	382	399	412	3,248	2014–15 Budget Paper 2, p. 140
Simplifying Medicare safety net arrangements	-	68	120	120	307	121	123	125	126	128	130	131	1,191	2014–15 Budget Paper 2, p. 145
Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives ^b	-	217	228	241	686	251	261	271	282	292	303	314	2,661	2015–16 MYEFO, p. 174
Apply the One-Week Ordinary Waiting Period to all Working Age Payments ^c	-	58	62	66	186	68	70	72	74	77	80	82	709	2014–15 Budget Paper 2, p. 191
Education Entry Payment — cessation	-	19	19	19	58	20	20	20	20	20	21	21	199	2014–15 Budget Paper 2, p. 197
Increasing the Age Pension qualifying age to 70 years	-	-	-	-	-	-	-	-	-	-	850	1,110	1,960	2014–15 Budget Paper 2, p. 202
Increasing the age of eligibility for Newstart Allowance and Sickness Allowance ^e	-	126	163	186	475	194	201	207	216	225	235	245	1,998	2014–15 Budget Paper 2, p. 203
Maintain eligibility thresholds for Australian Government payments for three years ^d	-	56	40	64	160	70	72	72	76	76	77	80	683	2014–15 Budget Paper 2, p. 204
Pensioner Education Supplement — cessation	-	37	71	72	180	73	74	75	76	78	79	80	715	2014–15 Budget Paper 2, p. 206
Families Package — child care ^e	-	-41	-591	-777	-1,409	-832	-887	-943	-999	-1,056	-1,113	-1,173	-8,411	2015–16 Budget Paper 2, p. 154–6
Family Payment Reform — a new families package ^f	-	550	535	1,565	2,650	1,590	1,700	1,805	1,925	2,035	2,155	2,280	16,140	2015–16 MYEFO, p. 211–12
Remove Double-Dipping from Parental Leave Pay ^g	-	345	365	346	1,056	366	396	436	466	446	486	526	4,178	2015–16 Budget Paper 2, p. 168
Australian Working Life Residence — tightening proportionality requirements ^b	-	65	66	72	203	77	82	87	97	102	107	117	872	2015–16 Budget Paper 2, p. 150
Growing Jobs and Small Business — Youth Employment Strategy — revised waiting period for youth income support ^b	-	42	57	58	157	68	68	73	73	73	78	83	673	2015–16 Budget Paper 2, p. 159
National Disability Insurance Scheme Savings Fund ^{b,h}	-	98	240	328	666	424	530	615	700	790	875	970	5,570	2016–17 Budget Paper 2, p. 143
A Sustainable Higher Education System — Research Training Scheme — student contributions	-	34	68	72	174	82	87	93	99	106	113	121	874	2014–15 Budget Paper 2, p. 79
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly ⁱ	-	441	941	1,035	2,417	1,116	1,207	1,306	1,413	1,526	1,654	1,794	12,433	2014–15 Budget Paper 2, p. 84–85
Component: Reduction in Commonwealth Grant Scheme subsidies	-	555	1,202	1,364	3,121	1,523	1,675	1,816	1,969	2,132	2,315	2,515	17,066	
Component: Non-university higher education provider places	-	-63	-129	-138	-329	-148	-157	-165	-172	-178	-184	-190	-1,523	
Component: Additional sub-bachelor places	-	-51	-132	-192	-375	-259	-311	-345	-384	-428	-477	-532	-3,110	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation ^{i,j}	-	-253	-479	-467	-1,199	-494	-525	-560	-599	-642	-688	-738	-5,444	2014–15 Budget Paper 2, p. 85
Higher Education — structural adjustment fund	-	-42	-58	-	-100	-	-	-	-	-	-	-	-100	2014–15 MYEFO, p. 150
Higher Education Reforms — amendments ^k	-18	-43	-48	-57	-165	-60	-65	-69	-74	-79	-85	-90	-688	2014–15 MYEFO, p. 151
Stronger compliance arrangements for job seekers who refuse or persistently fail to meet requirements ^b	-	6	6	6	18	6	6	6	6	6	6	6	60	2014–15 Budget Paper 2, p. 98
Abolish the Seafarer Tax Offset	-	4	4	4	12	4	4	4	5	5	5	5	44	2014–15 Budget Paper 2, p. 212
Streamlining and Improving the Sustainability of Courts ^{b,l}	-	22	24	24	70	26	26	28	29	31	31	34	274	2015–16 Budget Paper 2, p. 66
Safety, Rehabilitation and Compensation Act 1988 reforms — multiple injuries arising out of one event ^b	-	5	6	6	17	6	6	6	6	6	6	6	56	2015–16 Budget Paper 2, p. 183
Impact of unlegislated measures on the fiscal balance²	-18	1,964	2,123	3,271	7,340	3,479	3,781	4,072	4,376	4,628	5,803	6,414	39,893	
Impact of unlegislated measures on the fiscal balance (% of GDP)	..	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Memorandum items: public debt interest by measure³														
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly	-	7	27	56	90	92	137	193	258	332	416	511	2,030	
Component: Reduction in Commonwealth Grant Scheme subsidies	-	7	30	64	102	110	171	247	337	439	555	685	2,647	
Component: Non-university higher education provider places	-	1	4	8	12	13	20	28	38	50	63	78	302	
Component: Additional sub-bachelor places	-	-1	-6	-16	-23	-31	-54	-83	-117	-157	-202	-252	-919	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation	-	-2	-7	-14	-23	-23	-34	-48	-64	-83	-104	-127	-507	

Source: Commonwealth budget papers and Parliamentary Budget Office analysis.

1 Estimates in the table above provide the fiscal balance impact of unlegislated measures carried forward in the current budget estimates contained in the 2016–17 MYEFO and have been prepared with the latest information available to the PBO using a range of models. In arriving at the estimates, a number of assumptions have been made about revised implementation timing, the impact of the partial legislation of measures, changes in policies and parameters in the 2016–17 MYEFO and differences between fiscal and underlying cash balance impacts. A positive number indicates an increase in revenue or a decrease in expenses. A negative number indicates a decrease in revenue or an increase in expenses.

‘-’ indicates nil whereas ‘..’ indicates not zero but rounded to zero.

Detailed notes to this table are at page 5.

2 Totals may not add due to rounding.

3 The following public debt interest (PDI) impacts reflect changes in the financing task associated with loans issued through the Higher Education Loan Programme. A negative number indicates an increase in PDI. A positive number indicates a decrease in PDI. Increases in PDI have a negative impact on the fiscal balance. Decreases in PDI have a positive impact on the fiscal balance.

Unlegislated measures carried forward in the budget estimates—February 2017 update

Table 2: An update of the projected underlying cash balance impact of unlegislated measures carried forward in the current 2016–17 MYEFO estimates over the medium term¹

Underlying cash balance impact (\$ million)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27	Original measure
Impact on payments														
Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds ^a	-	143	279	287	709	303	324	343	360	382	399	412	3,231	2014–15 Budget Paper 2, p. 140
Simplifying Medicare safety net arrangements	-	68	120	120	307	121	123	125	126	128	130	131	1,192	2014–15 Budget Paper 2, p. 145
Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives ^b	-	217	227	241	685	250	260	270	281	292	303	314	2,655	2015–16 MYEFO, p. 174
Apply the One-Week Ordinary Waiting Period to all Working Age Payments ^c	-	58	62	66	186	68	70	72	74	77	80	82	709	2014–15 Budget Paper 2, p. 191
Education Entry Payment — cessation	-	19	19	19	58	20	20	20	20	20	21	21	199	2014–15 Budget Paper 2, p. 197
Increasing the Age Pension qualifying age to 70 years	-	-	-	-	-	-	-	-	-	-	850	1,110	1,960	2014–15 Budget Paper 2, p. 202
Increasing the age of eligibility for Newstart Allowance and Sickness Allowance ^c	-	126	163	186	475	194	201	207	216	225	235	245	1,998	2014–15 Budget Paper 2, p. 203
Maintain eligibility thresholds for Australian Government payments for three years ^d	-	56	40	64	160	70	71	72	76	76	77	80	682	2014–15 Budget Paper 2, p. 204
Pensioner Education Supplement — cessation	-	37	70	70	177	71	72	73	74	76	77	78	698	2014–15 Budget Paper 2, p. 206
Families Package — child care ^e	-	-40	512	-27	445	-814	-830	-886	-942	-997	-1,054	-1,112	-6,190	2015–16 Budget Paper 2, p. 154–6
Family Payment Reform — a new families package ^f	-	314	-92	468	690	1,513	1,599	1,694	1,805	1,915	2,035	2,166	13,417	2015–16 MYEFO, p. 211–12
Remove Double-Dipping from Parental Leave Pay ^g	-	335	365	345	1,045	355	365	395	415	425	455	475	3,930	2015–16 Budget Paper 2, p. 168
Australian Working Life Residence — tightening proportionality requirements ^b	-	65	66	72	203	77	82	87	97	102	107	117	872	2015–16 Budget Paper 2, p. 150
Growing Jobs and Small Business — Youth Employment Strategy — revised waiting period for youth income support ^b	-	42	57	58	157	68	68	73	73	73	78	83	673	2015–16 Budget Paper 2, p. 159
National Disability Insurance Scheme Savings Fund ^{b,h}	-	98	240	328	666	424	530	615	700	790	875	970	5,570	2016–17 Budget Paper 2, p. 143
A Sustainable Higher Education System - Research Training Scheme - student contributions	-	36	73	74	183	78	80	82	85	87	90	93	778	2014–15 Budget Paper 2, p. 79
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly ⁱ	-	436	933	1,032	2,400	1,119	1,212	1,311	1,417	1,529	1,656	1,794	12,437	2014–15 Budget Paper 2, p. 84–85
Component: Reduction in Commonwealth Grant Scheme subsidies	-	555	1,200	1,362	3,117	1,520	1,671	1,811	1,962	2,125	2,307	2,506	17,018	
Component: Non-university higher education provider places	-	-71	-145	-148	-364	-151	-153	-153	-153	-152	-150	-147	-1,422	
Component: Additional sub-bachelor places	-	-48	-123	-182	-352	-250	-306	-347	-393	-445	-502	-565	-3,159	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation ^{ij}	-	-2	-11	-42	-54	-80	-131	-194	-265	-347	-440	-545	-2,056	2014–15 Budget Paper 2, p. 85
Higher Education — structural adjustment fund	-	-42	-58	-	-100	-	-	-	-	-	-	-	-100	2014–15 MYEFO, p. 150
Higher Education Reforms — amendments ^k	-	..	-5	-6	-10	-14	-16	-28	-43	-50	-71	-82	-315	2014–15 MYEFO, p. 151
Stronger compliance arrangements for job seekers who refuse or persistently fail to meet requirements ^b	-	6	6	6	18	6	6	6	6	6	6	6	60	2014–15 Budget Paper 2, p. 98
Abolish the Seafarer Tax Offset	-	-	4	4	8	4	4	4	4	5	5	5	39	2014–15 Budget Paper 2, p. 212
Streamlining and Improving the Sustainability of Courts ^{bl}	-	22	24	24	70	26	26	28	29	31	31	34	274	2015–16 Budget Paper 2, p. 66
Safety, Rehabilitation and Compensation Act 1988 reforms — multiple injuries arising out of one event ^b	-	5	6	6	16	6	6	6	6	6	6	6	55	2015–16 Budget Paper 2, p. 183
Impact of unlegislated measures on the underlying cash balance²	-	1,999	3,099	3,396	8,493	3,864	4,142	4,376	4,612	4,849	5,949	6,483	42,768	
Impact of unlegislated measures on the underlying cash balance (% of GDP)	-	0.1	0.2	0.2		0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Memorandum items: public debt interest by measure³														
Expanding opportunity — expansion of the demand driven system and sharing the cost fairly	-	6	26	54	87	89	134	189	253	327	411	504	1,994	
Component: Reduction in Commonwealth Grant Scheme subsidies	-	7	29	62	97	106	167	242	331	432	547	676	2,599	
Component: Non-university higher education provider places	-	1	3	7	12	12	19	28	38	49	62	77	297	
Component: Additional sub-bachelor places	-	-1	-6	-15	-22	-30	-52	-81	-115	-154	-199	-249	-902	
Expanding opportunity — FEE-HELP and VET FEE-HELP loan fee cessation	-	-2	-7	-14	-22	-22	-33	-47	-63	-82	-102	-126	-498	

Source: Commonwealth budget papers and Parliamentary Budget Office analysis.

1 Estimates in the table above provide the underlying cash balance impact of unlegislated measures carried forward in the current budget estimates contained in the 2016–17 MYEFO and have been prepared with the latest information available to the PBO using a range of models. In arriving at the estimates, a number of assumptions have been made about revised implementation timing, the impact of the partial legislation of measures, changes in policies and parameters in the 2016–17 MYEFO and differences between underlying cash and fiscal balance impacts.

A positive number indicates an increase in receipts or a decrease in payments. A negative number indicates a decrease in receipts or an increase in payments.

'-' indicates nil whereas '..' indicates not zero but rounded to zero.

Detailed notes to this table are at page 5.

2 Totals may not add due to rounding.

3 The following public debt interest (PDI) impacts reflect changes in the financing task associated with loans issued through the Higher Education Loan Programme. A negative number indicates an increase in PDI. A positive number indicates a decrease in PDI. Increases in PDI have a negative impact on the underlying cash balance. Decreases in PDI have a positive impact on the underlying cash balance.

Notes to tables

- a This measure was affected by the 2015–16 Budget measure *Pharmaceutical Benefits Scheme – increase in safety net thresholds on 1 January 2019*. This impact is reflected in the figures against this measure in the tables above.
- b This measure has been added to the list of unlegislated measures carried forward in the budget since the last publication in June 2016.
- c This measure was amended in the 2015–16 Budget. It was also impacted by interactions with Youth Employment Strategy measures in the 2016–17 Budget. The impacts of these changes are reflected in the figures against this measure in the table above.
- d This measure was amended by the 2015–16 Budget measure *Not proceeding with elements of the measure to maintain eligibility thresholds for Australian Government payments for three years* to exclude certain payments including the Age and Disability Support Pensions and Carer payments and further in the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO) to exclude Family Tax Benefit payments. This impact is reflected in the figures against this measure in the table above.
- e The impact of this measure reflects the combined financial impact of the 2015–16 Budget measures *Families Package – child care – Workforce Participation Stream* and *Families Package – Child Care Safety Net* adjusted for changes to these measures in the 2015–16 MYEFO for the measure *Child Care System Changes* and the delay in implementation timing from the 2016–17 Budget measure *Jobs for Families Package – deferred implementation*. This measure is included on the list of unlegislated measures because it is linked to the 2015–16 MYEFO measure *Family Payment Reform – a new families package*. The figures against this item in the table above reflect an overall increase in spending. There is a decrease in cash payments in 2018–19 as a result of increased withholdings associated with the new Child Care Subsidy compared to the previous arrangements.
- f This measure was partially legislated and amended by the 2016–17 MYEFO measure *Budget Savings (Omnibus) Bill – amendments* to cease the Family Tax Benefit (FTB) Part A supplement for households with incomes over \$80,000 and remove the component of the original measure to increase FTB Part B by \$1000 for families with a youngest child under one year. The impact of these developments is reflected in the figures against this measure in the table above.
- g This measure was amended by the 2015–16 MYEFO measure *Parental Leave Pay – revised arrangements*. This impact is reflected in the figures against this measure in the table above.
- h This measure was partially legislated through the *Budget Savings (Omnibus) Bill 2016*. The figures against this measure in the table above reflect the remaining components of the measures to remove the energy supplement from certain social security and welfare payments.
- i This measure includes public debt interest (PDI) associated with loans issued through the Higher Education Loan Programme (HELP) which is disaggregated in the memorandum items to this table. Consistent with the Charter of Budget Honesty Costing Guidelines, PDI impacts are only presented where policies explicitly affect interest payments or involve transactions of financial assets such as loans and PDI represents a material proportion of the impact of a policy on the budget.
- j This measure was amended by the 2014–15 MYEFO measure *Higher Education Reforms – amendments* to continue indexing student HELP debts by the Consumer Price Index rather than the bond rate as proposed in the original measure. The measure was further amended by the 2016–17 Budget measure *Higher Education Reforms – further consultation* to not proceed with the deregulation of university fees. The impact of these changes is reflected in the figures against this measure in the table above.
- k The figures presented against the measure in the table above largely represent the impact of pausing indexation of HELP debts for primary carers with children under five.
- l The financial impact presented against this measure in the table above reflects the component of the measure to increase Family Court, Federal Circuit Court of Australia and the Federal Court of Australia fees.

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