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, *Boost TAFE Funding and establish VET Ombudsman* (letter of 28 June 2016).

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

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

28 June 2016

# Policy costing—during the caretaker period for the 2016 general election

|  |  |
| --- | --- |
| Name of proposal: | Boost TAFE Funding and establish VET Ombudsman |
| Summary of proposal: | The proposal would have two components:  Component 1: provide an extra $400 million per year for TAFE to increase the proportion of the population that would attain a higher education qualification.  The funding would be indexed annually by the Consumer Price Index (CPI).  Component 2: provide $10 million evenly split over two years as seed funding to establish a VET Ombudsman to facilitate student complaints against private education providers.  The proposal would have effect from 1 September 2016 with funding for 2016-17 to be based on pro-rating the first year of funding over the remaining 10 months of the financial year. |
| Person/party requesting costing: | Senator Richard Di Natale, Australian Greens |
| Date of public release of policy: | 15 June 2016 |
| Date costing request received: | 28 June 2016 |
| Date costing completed | 28 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 the underlying cash and fiscal balances by $1,598.1 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in administered expenses of $1,588.1 million and an increase in departmental expenses of $10 million over this period.

The proposal would have financial implications beyond the 2016-17 Budget forward estimates period, with the annual impact after 2019-20 growing in line with growth in CPI. A detailed breakdown of the financial impacts for the total (Table A1) and by component (Tables A2-3) is provided at Attachment A.

In relation to Component 1 departmental costs are not expected to be material as the funding would be administered by state and territory governments. Funding for Component 2 is considered to be entirely departmental funding.

This costing is considered to be of high reliability as it is based on specified capped amounts.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Impact on ($m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | **Total** |
| Fiscal balance | -333.3 | -413.0 | -423.1 | -428.6 | **-1,598.1** |
| Underlying cash balance | -333.3 | -413.0 | -423.1 | -428.6 | **-1,598.1** |

1. A positive number represents an increase in the relevant budget balance, a negative number represents a decrease.
2. Figures may not sum to totals due to rounding.

## Methodology

Administered expenditure estimates of component 1 are the specified amount of $400 million for the first year of the proposal (noting this amount is the pro-rated for the 1 September 2016 start date) with this amount indexed annually based on the projected June quarter CPI.

Departmental expenditure estimates for component 2 are as specified in the request.

## Data source

The Department of Finance provided indexation parameters.

# Attachment A: Boost TAFE Funding and establish VET Ombudsman—financial implications

Table A1: Combined impact of all components—Financial implications(a)(b)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ($m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | **Total to 2019–20** |
| **Fiscal and underlying cash balances – expenses/payments** | | | | | |
| Administered | -333.3 | -408.0 | -418.1 | -428.6 | **-1,598.1** |
| Departmental | - | -5.0 | -5.0 | - | **-** |
| **Total** | **-333.3** | **-413.0** | **-423.1** | **-428.6** | **-1,598.1** |

1. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
2. Figures may not sum to totals due to rounding.

* Indicates nil.

Table A2: Component 1—Financial implications(a)(b)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ($m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | **Total to 2019–20** |
| **Fiscal and underlying cash balances – expenses/payments** | | | | | |
| Administered | -333.3 | -408.0 | -418.1 | -428.6 | **-1,588.1** |
| Departmental | *-* | *-* | *-* | *-* | ***-*** |
| **Total** | **-333.3** | **-408.0** | **-418.1** | **-428.6** | **-1,588.1** |

1. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
2. Figures may not sum to totals due to rounding.

* Indicates nil.

Table A3: Component 2—Financial implications(a)(b)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ($m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | **Total to 2019–20** |
| **Fiscal and underlying cash balances – expenses/payments** | | | | | |
| Administered | *-* | *-* | *-* | *-* | ***-*** |
| Departmental | *-* | -5.0 | -5.0 | - | **-10.0** |
| **Total** | **-** | **-5.0** | **-5.0** | **-** | **-10.0** |

1. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
2. Figures may not sum to totals due to rounding.

* Indicates nil.