



Parliament of Australia
Parliamentary Budget Office

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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, *Towards a Republic* (letter of 28 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

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

Yours sincerely

Phil Bowen

29 June 2016



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

| Name of proposal: | Towards a Republic |
|-----------------------------------|---|
| Summary of proposal: | <p>This proposal has a number of components.</p> <p><u>Component 1: Participatory process</u></p> <ul style="list-style-type: none">• Provide \$5 million over three calendar years for a participatory democracy process considering how Australia would become a republic. <p><u>Component 2: Republic plebiscite</u></p> <ul style="list-style-type: none">• Replace the plebiscite announced in the Pre-election Economic and Fiscal Outlook (PEFO) measure '<i>Same Sex Marriage Plebiscite</i>' with a threshold plebiscite asking if Australia should become a republic. <p><u>Component 3: Republic Referendum</u></p> <ul style="list-style-type: none">• A referendum to formally put a proposal for a constitutional change to the Australian people. To be held with the next general election, due in 2019. <p>The proposal would have effect from 1 January 2017.</p> |
| Person/party requesting costing: | Senator Richard Di Natale, Australian Greens |
| Date of public release of policy: | 10 June 2016 |
| Date costing request received: | 28 June 2016 |
| Date costing completed: | 29 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 both the fiscal and underlying cash balances by \$70.5 million over the 2016–17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$4.8 million and an increase in departmental expenses of \$65.7 million over this period.

A detailed breakdown of the financial implications over the period 2016-17 to 2019-20 for the total (Table A1) and by component (Tables A2-A4) is at [Attachment A](#).

Component 1 is considered to be of high reliability as the estimates are based on capped administered funding with departmental expenditure based on similar sized programs. Components 2 and 3 are considered to be of medium reliability as, while they are based on estimates from the Australian Electoral Commission (AEC), there is a degree of uncertainty to the cost of holding a referendum in concert with a general election.

Table 1: Financial implications (outturn prices)^{(a)(b)}

| Impact on (\$m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | Total |
|-------------------------|---------|---------|---------|---------|--------------|
| Fiscal balance | -0.8 | -1.7 | -1.7 | -66.3 | -70.5 |
| Underlying cash balance | -0.8 | -1.7 | -1.7 | -66.3 | -70.5 |

(a) A positive number indicates an increase in the relevant budget balance; a negative number a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

- In completing this costing the PBO has assumed that the next general election would be held in the second half of 2019, following the expiry of the term of the next House of Representatives. An earlier election could result in a change in the timing of the cost of the proposed referendum to be held in conjunction with the next general election.

Methodology

Component 1

Departmental expense estimates are included within the capped funding amounts as specified in the request. These estimates are based on similar programs, accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered expense estimates are the remainder of the capped funding amounts after allowing for estimated departmental expenses.

Component 2

The expense estimates for the plebiscite are based on estimates for the *Same Sex Marriage Plebiscite* announced in the 2016-17 PEFO.

Component 3

The expense estimates for the referendum are based on AEC estimates of the cost of holding a referendum in concert with the 2016 election, grown by the relevant wage cost index.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

The AEC provided estimates of the cost of holding a referendum concurrently with a federal election.

Attachment A: Towards a republic—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 |
|--|-------------|-------------|-------------|--------------|------------------|
| Impact on fiscal and underlying cash balances | | | | | |
| Administered | -0.8 | -1.6 | -1.6 | -0.8 | -4.8 |
| Departmental | .. | -0.1 | -0.1 | -65.5 | -65.7 |
| Total | -0.8 | -1.7 | -1.7 | -66.3 | -70.5 |

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A2: Component 1: Participatory process—Financial implications^{(a)(b)}

| (\$m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | Total to 2019–20 |
|--|-------------|-------------|-------------|-------------|------------------|
| Impact on fiscal and underlying cash balances | | | | | |
| Administered | -0.8 | -1.6 | -1.6 | -0.8 | -4.8 |
| Departmental | .. | -0.1 | -0.1 | .. | -0.2 |
| Total | -0.8 | -1.7 | -1.7 | -0.8 | -5.0 |

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

Table A3: Component 2: Republic plebiscite—Financial implications^{(a)(b)}

| (\$m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | Total to 2019–20 |
|--|---------|---------|---------|---------|------------------|
| Impact on fiscal and underlying cash balances | | | | | |
| Reverse <i>Same Sex Marriage Plebiscite</i> | 160.0 | - | - | - | 160.0 |
| Threshold plebiscite | -160.0 | - | - | - | -160.0 |
| Total | - | - | - | - | - |

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 3: Republic Referendum—Financial implications^{(a)(b)}

| (\$m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | Total to 2019–20 |
|--|---------|---------|---------|--------------|------------------|
| Impact on fiscal and underlying cash balances | | | | | |
| Administered | - | - | - | - | - |
| Departmental | - | - | - | -65.4 | -65.4 |
| Total | - | - | - | -65.4 | -65.4 |

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.