



Budget analysis of interactions between the Australian Labor Party's election commitments

Party: Australian Labor Party

Summary of analysis:

This analysis provides estimates of interactions between the Australian Labor Party's (ALP) election commitments. This analysis should be read in conjunction with the costings of each of the policy proposals identified as having interactions.

Costing overview

The Parliamentary Budget Office (PBO) has examined all of the revenue and expense policy proposals of the ALP included in the 2022 Election commitments report to identify proposals that interact with each other in terms of their impact on the budget. An interaction arises when two or more proposals would have different budgetary implications when implemented together compared to the sum of the budgetary implications of implementing proposals in isolation.

This analysis has specifically identified interactions between different policy proposals, rather than interactions within proposals. Proposals that include multiple components have had any interactions between components quantified within the costing of the proposal. See, for example, costing ECR138 *Expanding the Pacific Labour Scheme*.

The current analysis does not include the impact of any direct flow-on or behavioural impacts a commitment may have, these impacts are covered in the costing minutes of the commitment concerned. See, for example, costing ECR108 *Increasing the Temporary Skilled Migration Income Threshold* where all of the impact of the proposal is due to flow-on effects to taxes or visa application fees.

The PBO has assessed that 7 of the ALP's policy proposals interact with other proposals. All of these are expense proposals. Some of them have non-taxation revenue impacts. No revenue proposals were identified as having material interactions.

The 7 policy proposals with interactions are as follows.

- 20,000 More University Places (ECR113)
- Rural Health and Medical Training for Far North Queensland (ECR173)
- Ending the 10% upfront fee discount (ECR116)
- Paid Domestic Violence Leave (ECR158)
- Reinvestment in the Australian Public Service (ECR168)
- Driving the Nation (ECR134)
- Powering Australia – Electric Car Discount (ECR124)

Interactions between the identified policy proposals would be expected to increase the fiscal balance by \$2 million, the underlying cash balance by \$2.3 million and the headline cash balance by \$0.9 million over the 2022-23 Budget forward estimates period. These financial impacts primarily reflect interactions among commitments *20,000 More University Places*, *Rural Health and Medical Training for Far North Queensland* and *Ending the 10% upfront fee discount*.

These interactions would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications over the period to 2032-33 is provided at Attachment A.

Removing the 10% upfront fee discount (the policy in ECR116) for the additional places provided in ECR113 and ECR173 would result in an overall saving primarily from a reduced expense for the discount. This would be partially offset by small increased costs from providing additional Higher Education Loan Program (HELP) loans, as some course fees previously offset by the upfront fee discounts would be paid through student loans, consistent with historical fee payment patterns.

In addition to the uncertainty associated with each individual proposal, the current analysis is also subject to uncertainty surrounding students’ upfront and deferred fee payment behaviour in the presence of the interacting policies.

The commitment *Reinvestment in the Australian Public Service* will interact with the commitment *Paid Domestic Violence Leave* because the provision of paid domestic violence leave will increase employment costs per public service employee. Due to the small numbers involved in each policy, this interaction will result in a negligible increase in departmental costs which, as specified in the paid domestic leave commitment, would be absorbed into departmental budgets.

The commitment *Driving the Nation* could be expected to interact with the commitment *Powering Australia – Electric Car Discount* if investments in additional electric vehicle (EV) infrastructure under the capped *Driving the Nation* commitment resulted in an increased take up of EVs. An increase in EV take up would increase the number of vehicles benefiting from tariff and fringe benefit tax concessions. The PBO assesses that the magnitude of this interaction is not quantifiable due to insufficient information on the extent to which additional charging stations affect EV take up. Assessing the impact of this interaction will be complicated by the extent of any unsubsidised roll-out of charging stations by the private sector in response to increasing EV take up.

Table 1: Financial implications (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	0.3	0.6	0.6	0.4	2.0
Underlying cash balance	0.3	0.7	0.7	0.5	2.3
Headline cash balance	0.1	0.3	0.3	0.2	0.9

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

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- The implementation of these policies would not produce a material behavioural impact.

Methodology

Interactions between the policy proposals have been estimated using the same models as the separate costings, calculating the financial implications of each proposal in isolation, and the financial implications associated with implementing all proposals together. The financial implications of the interactions between the proposals are the difference between the calculated change in expense and revenue of all proposals implemented together and the sum of the change in expense and revenue from each proposal implemented separately.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

All data sources are consistent with the costing of each individual proposal.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Budget analysis of interactions between the Australian Labor Party’s election commitments – financial implications

Table A1: Budget analysis of interactions between the Australian Labor Party’s election commitments – Fiscal balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Revenue													
<i>Administered non-tax</i>													
<i>ECR116 & ECR173</i>	-	..	..	..	..	..	..	..	..	..	..	..	..
<i>ECR116 & ECR113</i>	-	..	0.01	0.02	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.03	0.27
Total – revenue	-	..	0.01	0.02	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.03	0.27
Expenses													
<i>Administered</i>													
<i>ECR116 & ECR173</i>	..	..	..	..	..	..	..	..	..	..	..	..	..
<i>ECR116 & ECR113</i>	0.30	0.60	0.60	0.40	0.20	..	..	..	..	..	..	1.90	2.10
Total – expenses	0.30	0.60	0.60	0.40	0.20	..	..	..	..	..	..	1.90	2.10
Total interaction - ECR116 & ECR173	..	..	..	..	..	..	..	..	..	..	..	..	..
Total interaction - ECR116 & ECR113	0.30	0.60	0.61	0.42	0.23	0.03	0.03	0.03	0.04	0.04	0.04	1.93	2.37
Total interactions (excluding PDI)	0.30	0.60	0.61	0.42	0.23	0.03	0.03	0.03	0.04	0.04	0.04	1.93	2.37
<i>PDI impacts</i>	..	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.27
Total interactions (including PDI)	0.30	0.61	0.62	0.44	0.25	0.06	0.06	0.06	0.08	0.08	0.08	1.97	2.64

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Budget analysis of interactions between the Australian Labor Party's election commitments – Underlying cash balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Receipts													
<i>Administered non-tax</i>													
<i>ECR116 & ECR173</i>	-	-	..	..	..	..	..	..	..	..	..	..	..
<i>ECR116 & ECR113</i>	-	-	..	..	..	..	..	..	0.01	0.01	0.01	..	0.03
Total – receipts	-	-	..	..	..	..	..	..	0.01	0.01	0.01	..	0.03
Payments													
<i>Administered</i>													
<i>ECR116 & ECR173</i>	..	..	..	0.01	0.01	..	..	..	-	-	-	0.01	0.02
<i>ECR116 & ECR113</i>	0.30	0.70	0.70	0.50	0.20	0.10	-	-	-	-	-	2.20	2.50
Total – payments	0.30	0.70	0.70	0.51	0.21	0.10	..	..	-	-	-	2.21	2.52
Total interaction - ECR116 & ECR173	..	..	..	0.01	0.01	..	..	..	..	..	..	0.01	0.02
Total interaction - ECR116 & ECR113	0.30	0.70	0.70	0.50	0.20	0.10	..	..	0.01	0.01	0.01	2.20	2.53
Total interactions (excluding PDI)	0.30	0.70	0.70	0.51	0.21	0.10	..	..	0.01	0.01	0.01	2.21	2.55
<i>PDI impacts</i>	..	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.27
Total interactions (including PDI)	0.30	0.71	0.71	0.53	0.23	0.13	0.03	0.03	0.05	0.05	0.05	2.25	2.82

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: Budget analysis of interactions between the Australian Labor Party's election commitments – Headline cash balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Receipts													
<i>Administered non-tax</i>													
<i>ECR116 & ECR173</i>	-	..	..	..	..	..	..	..	..	..	..	..	..
<i>ECR116 & ECR113</i>	-	..	..	..	..	..	..	0.10	0.10	0.10	0.10	..	0.40
Total – receipts	-	..	..	..	..	..	..	0.10	0.10	0.10	0.10	..	0.40
Payments													
<i>Administered</i>													
<i>ECR116 & ECR173</i>	-	..	..	..	..	..	..	-	-	-	-	..	..
<i>ECR116 & ECR113</i>	0.10	0.30	0.30	0.20	0.10	..	-	-	-	-	-	0.90	1.00
Total – payments	0.10	0.30	0.30	0.20	0.10	..	..	-	-	-	-	0.90	1.00
Total interaction - ECR116 & ECR173	-	..	..	..	..	..	..	..	..	..	..	..	..
Total interaction - ECR116 & ECR113	0.10	0.30	0.30	0.20	0.10	..	..	0.10	0.10	0.10	0.10	0.90	1.40
Total interactions (excluding PDI)	0.10	0.30	0.30	0.20	0.10	..	..	0.10	0.10	0.10	0.10	0.90	1.40
<i>PDI impacts</i>	..	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.27
Total interactions (including PDI)	0.10	0.31	0.31	0.22	0.12	0.03	0.03	0.13	0.14	0.14	0.14	0.94	1.67

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

.. Not zero but rounded to zero.

- Indicates nil.