



## Policy costing

National rail policy	
Party:	Australian Labor Party
Summary of proposal:	
<p>This proposal would establish a National Rail Manufacturing Agency with three components.</p> <ul style="list-style-type: none"><li>• Component 1: Establish a National Rail Manufacturing Agency within the Department of Industry, Innovation and Science on 1 January 2020. The agency would have one Senior Executive Service Band 1 officer and 20 staff at the following Australian Public Service (APS) and Executive Level (EL) levels:<ul style="list-style-type: none"><li>– two APS level 2 staff</li><li>– two APS level 3 staff</li><li>– two APS level 4 staff</li><li>– three APS level 5 staff</li><li>– four APS level 6 staff</li><li>– three EL 1 staff</li><li>– four EL 2 staff.</li></ul></li><li>• Component 2: Establish a Rail Manufacturing Industry and Innovation Council on 1 July 2019, based on the previous Steel Industry Innovation Council.</li><li>• Component 3: Appoint a Rail Industry Supplier Advocate on 1 July 2019, based on the previous Rail Supplier Advocate.</li></ul>	

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$13.8 million over the 2019-20 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses. A breakdown of the financial implications over the 2019-20 Budget forward estimates period is included at [Attachment A](#).

The proposal would be expected to have an ongoing impact that extends beyond the 2019-20 Budget forward estimates period.

The estimated financial implications of Component 1 are sensitive to changes in wage indexation parameters. The estimated financial implications of Components 2 and 3 are sensitive to the actual size and scope of the proposed Rail Manufacturing Industry and Innovation Council and Rail Industry Supplier Advocate.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-2.2	-3.8	-3.8	-3.9	<b>-13.8</b>
Underlying cash balance	-2.2	-3.8	-3.8	-3.9	<b>-13.8</b>

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

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

## Methodology

The estimated cost of establishing a National Rail Manufacturing Agency was calculated by multiplying the average staffing cost by the specified number of employees at each staffing level.

The estimated cost of establishing a Rail Manufacturing Industry and Innovation Council was based on the annual cost of the former Steel Industry Innovation Council, indexed by the relevant wage indexation parameters.

The estimated cost of appointing a Rail Industry Supplier Advocate was based on the annual cost of the former Rail Supplier Advocate, indexed by the relevant wage indexation parameters.

All estimates have been rounded to the nearest \$100,000.

## Data sources

The Department of Finance provided indexation parameters as at the 2019-20 Budget.

The Department of Industry, Innovation and Science provided historical annual expenses for the Steel Industry Innovation Council and the Rail Supplier Advocate, as at 28 November 2017.

## Attachment A – National rail policy – financial implications

**Table A1: National rail policy – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<b>Expenses</b>					
<i>Departmental</i>					
<i>Component 1 – National Rail Manufacturing Agency</i>	-1.6	-3.2	-3.2	-3.2	<b>-11.1</b>
<i>Component 2 – Rail Manufacturing Industry and Innovation Council</i>	-0.3	-0.3	-0.3	-0.3	<b>-1.3</b>
<i>Component 3 – Rail Industry Supplier Advocate</i>	-0.3	-0.3	-0.3	-0.4	<b>-1.4</b>
<b>Total – expenses</b>	<b>-2.2</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-3.9</b>	<b>-13.8</b>

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