

**Question:** 7  
**Topic:** Costings  
**Written:** 28 October 2016

**Senator ABETZ asked:**

- 1 Did a press release issued on 1 July 2016 – the day prior to the election state that there was insufficient time to complete PBO costings of various Greens policies?
- 2 In this release the PBO Guidance is quoted as stating that: “In order to allow sufficient time for public scrutiny prior to polling day....At the latest, parties should provide their costings to the PBO by close of business on the Thursday of the week prior to polling day (six business days before polling day):”
  - a How many policies from the Greens were submitted after this deadline?
  - b How many of their policies were submitted on the last day before the election, that is, on Friday the 1<sup>st</sup> of July?
  - c Is it correct that the Greens submitted their policy on “Putting a price back on pollution” – the day before the election, leaving no time to cost it?
  - d Is the PBO aware that Greens Leader, Senator Di Natale, affirmed their policy at the National Press Club over a week earlier?
- 3 Reference is made to the Greens policy called “Hospitals Funding we Deserve”:
  - a Is it the case that this was also submitted to the PBO only the day before the election?
  - b If not, when was it submitted?
  - c Was the PBO able to cost this policy?
  - d Is it accurate to say the Greens policy amounted to spending about \$793m more than the Government over 4 years, including \$348m more in 2019-20?
  - e Is this costing based on figures in the 2016 Budget, which included the additional \$2.9 billion in hospital funding for the states over 3 years signed by the Prime Minister in April?
  - f Does this mean that - if one adds in this \$2.9 billion – the Greens were promising an extra \$3.7 billion in hospitals funding from 2015 levels?
- 4 Reference is made to a Greens policy document, “*Investing in our health*”, dated the 30<sup>th</sup> of March 2016, which says that the Greens will increase the Commonwealth share of hospital cost growth to 50% and that this will cost over \$5 billion over the 4 years of the forward estimates. Reference is also made to a statement by the Greens which appears to be from late June that they will “*legislate to commit the Commonwealth sharing the cost of hospitals with the states – an injection of over \$4 billion dollars to 2020, and much more beyond.*”
  - a Is there any way that either of these commitments - for \$5b and then for “*over \$4b*” can be reconciled with the figure of \$3.7 billion (\$2.9b + \$0.8b = \$3.7b) the Greens eventually ended up presenting to you the day before the election?
  - b Did the PBO also cost Labor’s hospitals policy?
  - c And is it accurate to say that Labor’s policy amounted to spending \$1.98 billion more than the Government over 4 years?
- 5 In relation to promised spending on hospitals in the year 2019-20, is it right that as at the federal election the Government was committing to spend \$20.7 billion, the Greens \$21 billion (\$20.7b + \$0.3b) and Labor \$21.3 billion (\$20.7b + \$0.6b)?

- 6 Attached is a chart showing that Labor projected spending of \$26 billion in 2019-20. So at \$21 billion for the Greens and \$21.3 billion for Labor both are well short of this figure. Neither go anywhere near to restoring this \$26b of funding to 2020. Is that correct?



- 7 Did either Labor or the Greens submit policies to your office for costing for the years beyond 2019-20?

Answers

- 1 The PBO media release of 1 July 2016 stated “The PBO was given insufficient time to respond to 15 caretaker period policy costing requests which were submitted by the Australian Greens on the afternoon of Friday 1 July 2016, the day before polling day...”
- 2
- a The Australian Greens submitted 100 requests for caretaker period policy costings, nine of which were received on Thursday 23 June 2016. The remaining 91 requests were received after COB Thursday 23 June 2016.
  - b The Australian Greens submitted 25 requests for caretaker period policy costings on Friday 1 July 2016, of which the PBO was able to cost ten by COB on that day.
  - c The Australian Greens submitted a caretaker costing request for their policy “Putting a price back on pollution” on Friday 1 July 2016, giving the PBO insufficient time to respond.
  - d Yes.
- 3
- a Yes.
  - b Not applicable.
  - c Yes.
  - d The Australian Greens policy “Hospital Funding We Deserve” was costed by the PBO as decreasing both the fiscal and underlying cash balances by \$792.8 million over four years from 2016–17, including \$348 million in 2019–20, compared to the 2016 Pre-election Economic and Fiscal Outlook (PEFO) baseline.
  - e The 2016-17 Budget measure *Public Hospitals – new funding arrangements* which provided an additional \$2.9 billion in hospital funding was included in the 2016 PEFO, which was used as the baseline for the costing.
  - f Yes.

- 4 a The Australian Greens policy document dated 30 March 2016 predated the release of the 2016 PEFO which was used as the baseline for the PBO costing. The PEFO base takes account of updated parameters for public hospital funding, including a revised National Efficient Price determination. The cost of the Australian Greens policy is consistent with the Commonwealth providing funding of 50 per cent of the efficient growth in public hospital costs to states and territories.
- b Yes.
- c The Australian Labor Party’s policy “Strengthening Hospitals” was costed by the PBO at a decrease to the fiscal and underlying cash balances of \$1.99 billion over four years from 2016–17 compared to the 2016 PEFO baseline.

5 Yes.

6 Since this chart was published in the *2013–14 Budget Overview* there have been material downward revisions to the growth in the efficient price of hospital services. This means that the numbers in the chart no longer represent the cost of the Commonwealth funding 50 per cent of the growth in the efficient cost of hospital services.

7 In submitting their caretaker period costings the Australian Greens did include policy specifications for some caretaker costings that had impacts beyond 2019–20.

The Australian Labor Party submitted all of their costings on a confidential basis prior to the commencement of the caretaker period. The PBO is unable to comment further with respect to the details of those requests.

Consistent with the *Charter of Budget Honesty Costing Guidelines*, where the budget impact of an election commitment is likely to be significantly different beyond the forward estimates period, the PBO includes this impact in its policy costings.